

DRAFT BUSINESS PLAN & BUDGET 2019/20

MEETING NAME	BSC Panel
Date of meeting	13 December 2018
Paper number	285/14
Owner/author	Mark Bygraves
Purpose of paper	For information
Classification	Public
Summary	The Panel is invited to note the draft BSCCo Business Plan and Budget for 2019-2020.

1. Introduction

- 1.1 The draft annual BSCCo Business Strategy and Annual Budget are attached for the information of the Panel before we publish them for wider comment from BSC Parties.
- 1.2 In accordance with the requirements of the BSC, the Business Plan consists of two parts: A) Business Strategy describing our major activities for 2019-2020 financial year and B) an Annual Budget setting out the associated costs of delivering those activities.
- 1.3 The strategy and budget will be professionally formatted and published to the industry for comment w/c 17 December 2018 with responses due back on 21 January 2018. The graphics are presented separately but will be inserted where shown for the professionally formatted final document.
- 1.4 We are planning to engage with the BSC parties wishing to provide comments on the Business Plan, including one-to-one discussions and a webinar (similar to last year).
- 1.5 The Panel may also wish to provide a Panel response and if so we suggest the Panel identifies three Panel members to coordinate and prepare a response to be submitted by 21 January 2018.
- 1.6 Any comments we receive from Parties will be summarised and provided to the BSCCo Board and BSC Panel for information and fed into the final versions of the Business Strategy and Annual Budget. After this, the ELEXON Board will approve the BSCCo Business Plan.

2. Principles for developing the Business Plan for 2019/20

- 2.1 We based the 2019/20 year approach to the Business Plan to include three updated principles in order to fully reflect ELEXON's present and future role in the ongoing transformation of the GB energy industry:

Main principles and approach to the Business Plan

2018/19 Business Plan

Customer-focused rather than BSC process focused -

Business Plan has to reflect on a positive impact to end customers and BSC parties as a result of the activities BSCCo/ELEXON undertakes during the year.

Highlighting ELEXON's contribution - to the core BEIS/Ofgem initiatives to move the electricity system to the smart and flexible future (eg. HHS, TOM, Faster Switching)

Focusing on ELEXON's efforts to support innovation

starting from on-going modifications and market entry advice to extending help to Ofgem's Sandbox team and establishing BSC Sandbox.

Expanding 2018/19 approach and adding new themes

2019/20 Business Plan

Focus and highlights on ELEXON's business model strengths

End-to-end business model, in-house experts on market design, change process, well-developed PAF, etc.

'Outside-in' approach

A demonstrable alignment with BEIS/Ofgem strategy for the energy industry (eg. Smart Systems and Flexibility Plan, updated in October 2018)

A shorter, more engaging and accessible format

Looking Back section will contain highlights for 2018-2019 (rather than full account of initiatives) and we will use statistics and infographics rather than descriptions for emphasizing key achievements

Business Strategy and Plan

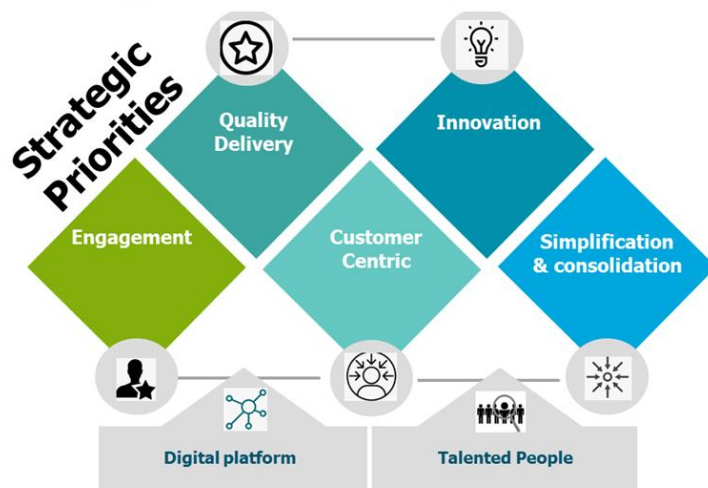
- 2.2 The 2019/20 Business Plan is based on our newly-formulated strategy – “With the support of our stakeholders and partners, simplify and consolidate complex and fragmented services, develop new market solutions and actively facilitate innovation for the benefit of GB energy markets and the UK economy.”
- 2.3 We have updated our external description of the strategic priorities as described and depicted below. The content of the Business Plan has been structured according to the seven core themes of:
- **Quality Delivery:** Actively manage our services to ensure that we deliver in a reliable, economic and efficient way
 - **Innovation:** Enhance and evolve our services to support industry changes and development of the energy market
 - **Simplification and consolidation:** Reduce complexity and fragmentation
 - **Customer centric:** Improve the customer experience and develop richer customer relationships
 - **Engagement:** Work in partnership to enable 'whole-system' approach and industry convergence
 - **Digital Platform:** Create a digital platform to meet the changing energy market
 - **Talented People:** Develop our end-to-end service capabilities to enable industry to benefit from our experience

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Strategic Priorities: 2018/19



Strategic Priorities: 2019/20



- 2.4 However, the Looking Back section for 2018/19 was still based on the previously used four strategic priorities of Delivery, Improvement, Engagement and Capability. The Looking Back section has been reduced to include the highlights for the current year, with an aim to describe activities in full in the Annual BSC Report to be published in June 2019. This will help to make sure we cover full 12 months of activities and also will reduce duplication of information between the Business Plan and Annual Report.

3. Annual Budget

This document presents the final draft of the 2019/20 budget. As can be seen, this year we are proposing a budget of £53.2m, which is an increase of 22% compared to this year's budget, and a 24.9% increase against the current forecast. The main drivers for this are investment in our Foundation Architecture Programme, as approved by the Board in July this year and demand-led changes, due to the increase in industry activities. We have also provisioned for an increase in operational costs as we see ELEXON delivering more, not only in relation to our current obligations, but also due to a number of upcoming industry initiatives (Energy Code Review, Energy Data Taskforce, EV Energy Taskforce along with ongoing market-wide HHS, supplier hub review, support to Ofgem's Innovation Link regulatory sandbox through our BSC Electricity Market Sandbox etc.). Further detail relating to the increase is provided in part B of this Business Plan.

4. Recommendations

4.1 We invite you to:

- NOTE** the intended publication of the BSCCO Business Plan w/c 17 December 2018 and the invitation to industry to comment prior to 21 January 2018; and
- DETERMINE** whether the Panel wishes to provide its own comments and, if so, to nominate Panel Members to prepare a response for submission prior to 22 January 2018.

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Attachments

Attachment A – Final Draft Business Plan 2019/2020 (word document)

Attachment B - Final Draft Business Plan 2019/2020 – infographics (ppt document)

For more information, please contact:

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