

DRAFT BUSINESS PLAN & BUDGET 2020/21

MEETING NAME	BSC Panel
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Date of meeting	12 December 2019
Paper number	297/08
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 2020-2021.

1. Introduction

- 1.1 The draft BSCCo Business Plan and Annual Budget are attached for information before we publish them for wider comment from BSC Parties in late December.
- 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 2020-21 financial year and B) an Annual Budget setting out the associated costs of delivering those activities.
- 1.3 The document will be professionally formatted and published to the industry for comment w/c 16 December 2019 with responses due back on 20 January 2020. The professionally designed graphics will be inserted where shown for the professionally formatted final document.
- 1.4 We are planning to engage with the BSC parties that wish to provide comments on the Business Plan, including one-to-one discussions and a webinar (similar to previous years).
- 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 20 January 2020.
- 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 2020/21

- 2.1 We are taking the 'outside-in' approach we started developing in the last two years as depicted by the diagram below:

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Main principles and approach

2018/19 Business Plan

- Customer-focused rather than BSC process focused
- Highlighting ELEXON's contribution to the core BEIS/Ofgem initiatives
- Focusing on ELEXON's efforts to support innovation

Expanded the approach further in 2018/19 and added new themes

2019/20 Business Plan

- Focus and highlights on ELEXON's business model strengths
- 'Outside-in' approach
- A shorter, more engaging and accessible format

Continue to build on the 2019/20 approach

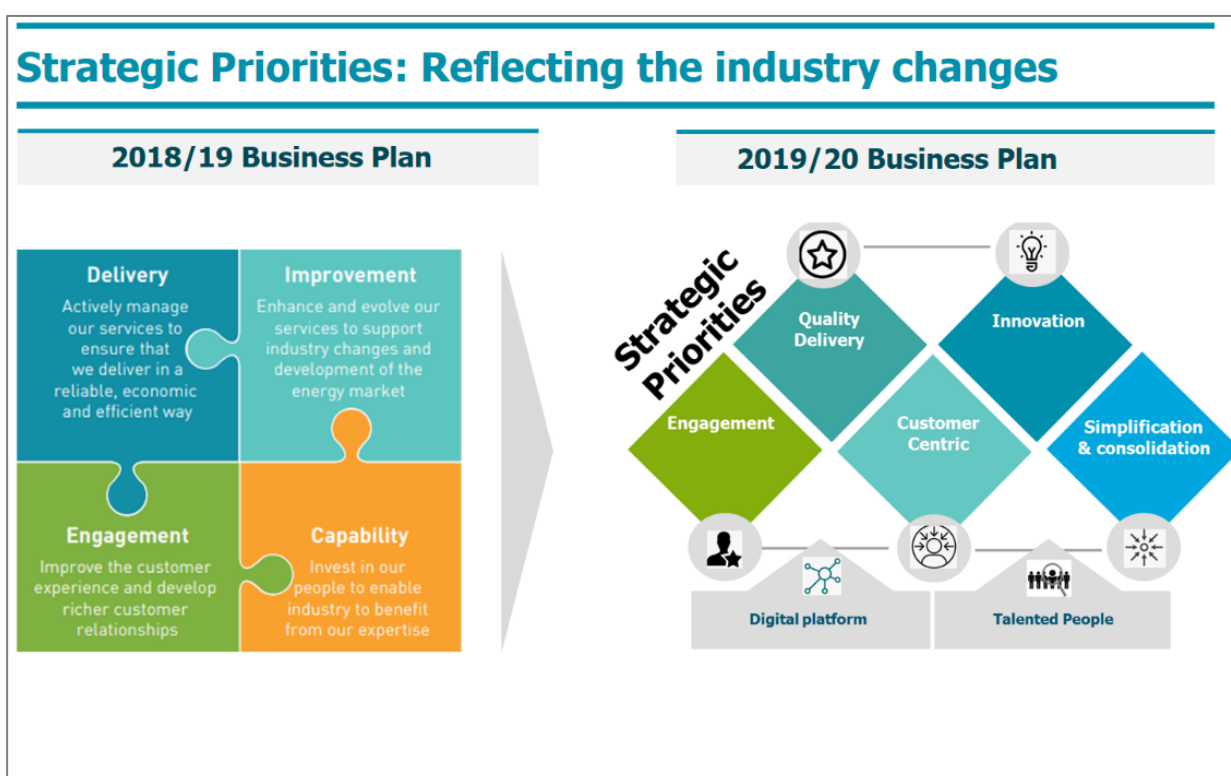
2020/2021 Business Plan

- Maintain alignment with key industry changes and BEIS/Ofgem direction of travel
- Further explore, focus on and highlights ELEXON's business model strengths and contributions to the major ongoing industry-wide change
- Maintain 'outside-in' approach
- Maintain a shorter, more engaging and accessible format (Looking Back section containing highlights only rather than full account of initiatives)

Business Strategy and Plan

- 2.2 The 2020/21 Business Plan is based on our strategy, formulated in 2019/20 – "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 In 2019/20, we moved from using four strategic priorities to the 'Springboard to Excellence', which we will continue using for 2020/21 Business Plan:

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- 2.4 We introduced one further change to the structure in response on the Board's request to shorten the document. We combined the "Looking Back" and "Looking Forward" sections for each strategic priority. This will make the narrative flow smoother and help avoid any repetition.

3. Annual Budget

4. With industry's support, we have taken on more responsibilities, which bring additional charges, such as cost recovery of the radio teleswitching (RTS) infrastructure, changing the performance assurance processes, driving innovation and supporting ever-larger numbers of BSC Parties. Nonetheless, we have kept our proposed 2020/21 budget within 2.3% of that for 2019/20 (aside from the new, additional £1.4m RTS costs). At the same time, we have retained the headcount for BSC activities at 2019/20 levels.
5. When the 2020/21 budget is compared to our forecast for 2019/20, the majority of the difference can be attributed to the additional RTS costs, which did not exist in 2019/20, and the increased spend (compared to 2019/20) on our systems refresh (the Foundation Programme). On the latter, we have had to prioritise regulatory changes, such as Project TERRE (Trans European Replacement Reserves Exchange) over this systems strategy work resulting in a lower spend in 2019/20. However, we are budgeting to increase that spend in 2020/21, back to the intended level for 2019/20.

6. Recommendations

- 6.1 We invite you to:
- NOTE** the intended publication of the BSCCO Business Plan on w/c 16 December 2019 and the invitation to industry to comment prior to 20 January 2020; and
 - DETERMINE** whether the Panel wishes to provide its own comments and to nominate Panel Members to prepare a response for submission prior to 20 January 2020.

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Attachments

Attachment A – Final Draft Business Plan 2020/2021 (word document)

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