

ELEXON

330/01 Elexon Report

For the Panel's information, summarising recent activities and developments within Elexon and the Balancing and Settlement arrangements.

8 September 2022

Sara Vaughan – New BSC Panel and Elexon Board Chair

Following a formal external recruitment process involving both the Elexon Board and the BSC Panel, Sara Vaughan has been appointed as the new Elexon Board and BSC Panel Chair. Sara will be succeeding Michael Gibbons who has been the Chair for the last nine years.

The appointment has been approved by Ofgem, in accordance with the provisions of the BSC. Sara, who has been an Elexon board member since 2019, will take up the post from 1 October 2022.

As the BSC requires the Elexon Board to be comprised of mainly non-executive directors who have industry experience we will begin the recruitment process to appoint another industry non-executive director.



Board Circular

The Elexon Board publishes a circular every six months to keep the industry informed of the issues that the Board is currently focussed on. The latest circular, published on 17 August 2022, is available to read on the [Elexon.com website](#).

BEIS consultation on Elexon ownership

The BEIS/Ofgem consultation on Elexon's ownership is open until 22 September. The consultation sets out options for public or private ownership for Elexon, recommending an industry federated ownership model, with BSC licensed funding Parties owning the company, as its preferred model. The consultation asks for feedback on this option, as well as whether there is support for other private models, or the public ownership model.

A decision on ownership is expected later this year. BEIS have been engaging with the Elexon Board and BSC Panel throughout the consultation period. The BSC Panel has agreed to submit its own response to the consultation. To avoid any conflict of interest, this response is being led by Phil Hare, Deputy Panel Chair.

Winter preparedness

In preparation for difficult trading conditions this winter we are reviewing and stress testing our processes and systems. We are using both short-term cash-flow modelling and longer term scenario modelling to simulate extreme scenarios to ensure that the current BSC processes and systems are fit for purpose.

Elexon Kinnect: Parallel runs of new and legacy Settlement systems completed

Settlement Solution

Completion of the Kinnect Settlement Solution remains on target for September 2022. Parallel runs of the new and legacy systems completed on Friday 26 August, and we have now commenced data migration in the pre-production environment.

The Settlement Administration Agent (SAA) on Kinnect will become the sole system of record as part of the February 2023 Release with cutover also bringing P376 into effect.

Once live, the Settlement Solution will deliver significant reductions in operation time with faster calculation and removal of manual operation. It will track input files to enable the live identification of any missing data or erroneous files.

Insights Solution

Insights Solution continues to make good progress on Iteration 1.3, the scope of which includes critical reports with price sensitive parameters including Physical Notifications, Bid-offer data and Balancing Services Adjustment Data.

New data has recently been added to the API Portal and we have also added the Short Term Operating Reserves webpage. We will continue to release new website pages throughout September including Balancing Services Adjustment Data (BSAD) and Balancing Mechanism Units (BMU) search pages.

The team also continues to progress our next generation real time publishing service, Insights Solution Real time Information Service (IRIS). The intention is to provide a free alternative to the costly legacy licensed software (TIBCO). We have engaged with four users, including a BMRS Change Board member, to trial the IRIS prototype, which we plan to launch to the Data and Reporting User Group in September 2022.

Iteration 1.3 is due to be released in November 2022.

Elxon Kinnect: Parallel runs of new and legacy Settlement systems completed

Customer Solution

The team continues to progress changes to the Kinnect platform to support Modifications P376 & P419. Modification P376 optionally enables Suppliers, Virtual Lead Parties (VLPs) and Asset Metering Virtual Lead Parties (AMVLPs)' expected flows at SVA metering systems to be calculated using an approved Baselining Methodology for subsequent use in settlement of non-delivery charges. Modification P419 extends the provisions of P383, by expanding the aggregation of import volumes from Supplier Volume Allocation (SVA) storage facilities to include all non-final demand SVA facilities which will be excluded from BSUoS charges.

In addition, the team has been working on including Non-Half Hourly (NHH) Metering System Identifiers (MSIDs) in Secondary BM Units for Centrica's Sandbox trial. The trial aims to demonstrate that Non-Half Hourly sites can participate in the BM without impacting Settlement, and that storage heaters can be aggregated as a Demand Side Response (DSR) asset. These changes are set to be deployed into the BSC systems in September 2022.

The team has also been defining the scope, acceptance criteria, constraints and dependencies for the Kinnect Programme to deliver all required customer changes to the Kinnect platform and to decommission the legacy Central Registration Agent (CRA).

A roadmap of the current, next and future developments planned for the Customer Solution is now available on the [Kinnect Customer Solution ongoing development and planning](#) page of the Elxon website.

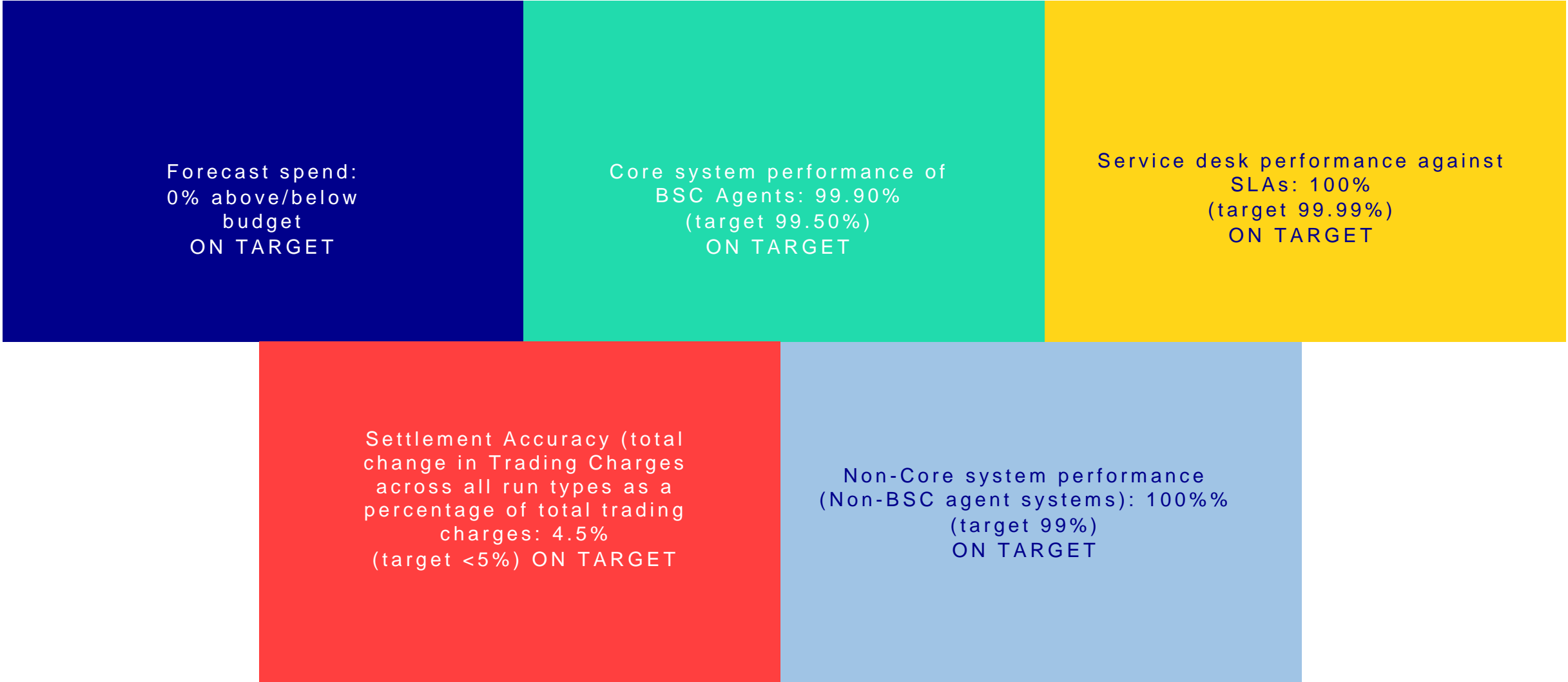
Elexon Kinnect: Budget update

Overall, the Kinnect Programme remains on budget with £30.3m of investment in progress, of which £28.2m has been spent to date. The remaining £16.5m is forecast for future work to conclude migration of the legacy systems to the digital platform in 2023/24 and we have £7.1m remaining contingency.

These figures are also shown in the table below:

CTD (£m)	Committed	FTC	Contingency	Forecast Outturn	Budget	Variance
28.2	2.1	16.5	7.1	53.9	53.9	0

Key KPIs: July 2022



Recommendation



We invite the Panel to:

- **NOTE** the contents of this paper.