Elexon Report to the Panel, February 2024

2024/25 Business Plan

We have published the Elexon Business Plan 2024/25 - 2026/27 for industry comments and will be engaging with BSC Parties on the detail of it throughout January. Key financial challenges within this Business Planning process have been higher than previously anticipated expenditure levels in the Helix program, restricting BAU headcount (excluding programs) to existing levels and planning for a number of significant service introductions across the period (for example: Sourcing strategy, Kinnect, Market wide Half Hourly settlement and CSM/ITSM). The full business plan is available to view on the Elexon website, and Parties have until 9 February to provide comments.

Elexon Insight: The key to unlocking the future of local flexibility

In spring 2024, following its current consultation, Ofgem will decide whether Elexon, or the National Energy System Operator (the new name for the Future System Operator) should take on the role of market facilitator for flexibility. In our recently published insight article, Elexon's Chief Executive, Peter Stanley, explains why this role is needed, and why he believes that Elexon has the credentials to take it on.

The article, first published in Cornwall Insight's Spectrum on 22 January 2024, sets out the issues currently faced by flexibility providers, and gives our view on why the market facilitator would be a catalyst for flexibility. It also sets out how we believe Elexon fulfils the criteria required for making the market facilitator role a success.

Elexon's new ownership arrangements

The Future System Operator (FSO) will be established in 2024 and will be called the National Energy System Operator (NESO). As a result, Elexon will move away from being under National Grid ESO ownership and in future will operate under a 'federated model' ownership arrangement. Ofgem is seeking views on licence conditions and changes to the BSC to support the implementation of the new ownership agreements.

The consultation being conducted jointly between DESNZ and Ofgem, and is open until 21 February 2024.

New Customer Service Management System (CSM) launched

Elexon Support, our new Customer Service Management (CSM) system, was successfully launched on 24 January with no major blockers. The system is already enabling us to provide parties with quicker answers, reducing the need for them to call the BSC helpdesk. The system is also improving our visibility of customer enquiries and giving us greater insight into the current help desk process and ways of working.

Kinnect Update

Funds Administration Agent

The Funds Administration Project is in delivery phase following detailed design and planning. Development work on the Calculation Engine which will consolidate the invoice position for each participant is underway. Initial configuration of Unit 4 Agresso, the Finance System, is now complete. The end to end plan is targeting July 2024 Go-Live.

An Issue Group reviewing BSC Section N Clearing, Invoicing and Payment has concluded and recommended to the Panel that the required changes to support the new system go straight to Modification report. The changes have now entered a month long Report Phase Consultation, closing on 19 February 2024.

Insights Solution

We continue to work on the 5th (and final) iteration for migrating BMRS data to the Insights Solution. Completion of this iteration is expected in February 2023 including provision of Balancing Market Settlement data from the SAA system to the Insights system. Cutover to production is expected to complete in March 2024.

We have completed the build of calculations functionality on the Settlement systems to publish calculated Imbalance Settlement data on the Insights Platform shortly after the effective settlement period and have now released the features to production for consumption by the Insights platform. This represents a significant milestone for the project as from this point, all BMRS datasets will be available on the Elexon Insights and customers can continue to transition to the new platform once the latest development iteration of Insights goes live in March 2024.

Elexon has continued to engage with participants migrating from the legacy platforms specifically TIBCO users and has written formally write to contacts to terminate use of Tibco by end of March 2024 and thereby avoid licenses costs.

Customer Solution

Additional functionality is being built into the Customer Solution to allow the CRA system to be decommissioned without reduction of functionality across the estate as part of the Oracle Migration project. Completion of the new functionality is expected in June 2024 and decommissioning of CRA is expected to complete in September 2024.

Migration of on-premises BSC Agents to Oracle Cloud Infrastructure

Work is progressing on the migration of all on-premises hosted agents to Oracle cloud infrastructure. This will provide Elexon with the ability to rapidly create integrated development environments, supported by automated testing. Altogether, this will improve our ability to deliver change. We continue to aim to complete migration of generation sector-facing agents (including ECVAA and CDCA) in September 2024, and Supplier facing systems (including SVAA and PARMS) in October 2024.

Budget

Overall, the Kinnect Programme remains on budget with £50.1m of investment in progress, of which £42.8m has been spent to date and we have £3.8m remaining contingency.

CTD (£m)	Committed	FTC	Contingency	Forecast Outturn	Budget	Variance
42.8	7.3		3.8	53.9	53.9	0

Helix Update

The Helix programme is now structured across three key workstreams (Solution Build, Business Readiness, and MHHS Qualification) to ensure there is heavy focus on go-live readiness as well as continuing support for the core solution build.

The programme has successfully completed CIT and is looking forward to the commencement of SIT testing. We project a further 5 months of development work on the core systems to meet the needs of later phases of SIT and to complete development of a number of scope changes that have been approved by the MHHS programme. Development work is also proceeding on a number of upstream and downstream systems as well as the development of an Operator Portal to promote effective operational management of the core Helix solution.

The programme has strengthened resourcing of the MHHS Qualification work by augmenting existing Qualification resources with KPMG expertise and software tooling. A specialist HH testing team who also worked on Smart go live with the DCC has been recruited from CGI to support technical Qualification testing.

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Service transition, end-to-end testing and business change leads have been recruited into the Business Readiness workstream and detailed plans for late phase testing, model office, cutover, and transition to operational MHHS processes as well as industry migration to HH rules are being drawn up.

The Helix Programme's latest budget to end March 2024 was baselined in December 2023 at £51.5m. A detailed review of the forecast Programme outturn to completion will be presented to Elexon's Transformation Committee in February 2024 at which point the overall baselined budget is expected to be reset.

CTD (£m)	Committed	FTC	Performance Assurance	Programme Contingency	Forecast Outturn	Budget	Variance
40	4.8		3.1	2.6	51.5	51.5	0.0

KPIs – December 2023

KPI	Target	Status
Performance against budget	% (under)/over spend full year forecast v budget complete >(5)%	2.7% variance - ON TARGET
Cumulative Critical System SLA Performance	No more than 3 cumulative SLA failures	1.78 – ON TARGET
Cumulative Core System SLA Performance	No more than 2 cumulative SLA failures	0.89 – ON TARGET
Number of Modification send backs	<2 in a rolling 12 month period	1 – ON TARGET
% of Panel and Committee papers delivered on time	90%	95% - ON TARGET

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