

By e-mail to: [box.WholeElectricitySystem@nationalgrid.com](mailto:box.WholeElectricitySystem@nationalgrid.com)

25 January 2019

Dear National Grid,

**ELEXON's response to your consultation on whole electricity system thinking**

We welcome the opportunity to input into your thinking. We believe taking a whole system approach is essential to the development of new flexibility markets, and delivering the best possible outcomes for consumers.

As you know, ELEXON is the Code Manager for the Balancing and Settlement Code (BSC). We are responsible for managing and delivering the end-to-end services set out in the BSC and accompanying systems that support the BSC. This includes responsibility for the delivery of balancing and imbalance settlement and the provision of assurance services to the BSC Panel and BSC Parties. We manage not just the assessment, but also the development, implementation and operation of changes to central systems and processes. In addition, through our subsidiary, EMR Settlements Ltd, we are the Electricity Market Reform (EMR) settlement services provider, acting as settlement agent to the Low Carbon Contracts Company (LCCC), for the Contract for Difference (CfD) and Capacity Market (CM). EMR services are provided to the LCCC through a contract and on a non-for-profit basis.

Our response focusses on issues of data and governance, where we feel best placed to comment. We are supportive of the direction of travel in the industry, and we're actively participating in a number of industry-wide initiatives including the Open Networks project, the Energy Data Taskforce, and the joint BEIS/Ofgem review of code governance.

We are strongly supportive of the developing flexibility markets, and stand ready to facilitate them in whatever way we can. This includes supporting initiatives to widen access to the energy markets, such as [Project TERRE](#), driving changes to improve efficiencies, such as [market-wide Half-Hourly Settlement](#), and proposing solutions to energy market problems, such as our [white paper on multiple suppliers](#) which is now being progressed as [BSC Modification P379](#).

The views expressed in this response are those of ELEXON Ltd alone, and do not seek to represent those of the BSC Panel or Parties to the BSC.

If you would like to discuss any aspects, please don't hesitate to contact Peter Frampton at [peter.frampton@elexon.co.uk](mailto:peter.frampton@elexon.co.uk).

Yours faithfully,



Steve Wilkin  
European Coordination Manager

On behalf of Peter Frampton, ELEXON Design Authority

## WHOLE ELECTRICITY SYSTEM THINKING: ELEXON'S RESPONSE

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### Topic 1: Appropriate information and data provision

#### **The appropriate balance in providing accessible data in a consistent format with providing information to support stakeholders**

We believe that energy market data should not be commercialised at source, but rather made available to the market and used to bring new products and services to the market, improve efficiency and provide benefits to consumers and UK Plc.

We do not believe that there is a balance to be struck between providing accessible data in a consistent format, and providing information to support stakeholders. As above, we believe that energy market data should be made accessible. The provision of information to support stakeholders may constitute additional value-add for stakeholders, and carries its own assessment of appropriate type and volume.

We believe that there is value in a consolidated portal for source data, providing resilient on-demand access to information which can then be used by stakeholders to deliver additional value for their customers and stakeholders. An example is the [Balancing Mechanism Reporting Service \(BMRS\)](#), which is a service whereby ELEXON has worked with yourselves and our stakeholders to develop a one-stop shop for electricity market data, including Transparency and REMIT data. We support consolidation rather than fragmentation of data sources and believe that we should continue to build on BMRS as the primary source for electricity market data.

#### **How this topic could affect you and how the ESO needs to evolve to support this**

As well as being a provider of data via the BMRS, we are a user of ESO Data via the settlement process. As new flexibility markets develop and existing ones change we will continue to work closely with you and DSOs to ascertain what data we need to continue with accurate settlement.

### Topic 2: Accessible and aligned frameworks

#### **Whether accessible and aligned frameworks are better progressed through incremental or fundamental change**

We are also supportive of the joint BEIS/Ofgem review of Code Governance that you note in the document. In particular, we believe that reducing the complexity of the code administration landscape would be beneficial to new entrants. We believe there are a number of short-term opportunities to improve outcomes in Code Governance, and appreciate the opportunities that both the Code Governance review and the introduction of the Retail Energy Code will introduce.

### Topic 3: Consistent and transparent flexibility markets

#### **The need for consistent and transparent flexibility markets**

We have previously stated our views on the importance of consistent and transparent flexibility markets<sup>1</sup>, and would like to reiterate that both of these elements are crucial for the development of effective markets. The need for consistency is particularly important as markets become more localised, and service providers may find their products being offered in multiple markets (particularly

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<sup>1</sup> In our [response to the ENA's consultation on DSO Future Worlds](#)

where a service provider has a geographically diverse portfolio). It would be inefficient to develop similar products in multiple different ways because of varying market requirements.

Transparency provides market participants with the information and confidence they need to compete effectively, enabled by platforms such as the BMRS.

**The appropriate route to develop consistent markets across the whole electricity system**

We are appreciative of the Open Networks project and will continue to provide our expertise to developing DSO and flexibility markets. As you know, we are also progressing our own initiatives to develop markets including working closely with you on Project TERRE, and developing proposals such as multiple suppliers.

We would like to add that Ofgem and BEIS have much of the responsibility for ultimately enabling new markets, including in signing off on legislative/codified developments and ensuring that network organisations are sufficiently resourced and incentivised to develop and use new markets.