

ELEXON

16 November 2021

By e-mail to: opennetworks@energynetworks.org

Dear Open Networks Consultation Team,

Re: Consultation on Open Network's high-level work plan for 2022

Thank you for the opportunity to respond to your consultation on Open Networks high-level work plan for 2022.

Elexon is the Code Manager for the Balancing and Settlement Code (BSC), which facilitates the effective operation of the electricity market. 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 (energy Suppliers, generators, flexibility service providers and network companies). We manage not just the assessment, but also the development, implementation and operation of changes to central systems and processes. In addition, our expertise is available to support the industry, government and Ofgem in considering future changes and innovation against the existing industry rules, for the benefit of the consumer. Elexon is a not-for-profit company, set up as an arms-length subsidiary of National Grid ESO (Electricity System Operator).

In addition, through our subsidiary, EMR Settlement Ltd, we calculate, collect and distribute payments to Contract for Difference (CfD) generators and Capacity Market (CM) providers, on behalf of the Low Carbon Contracts Company (LCCC). These services are provided to LCCC through a contract and on a not-for-profit basis.

We are supportive of the proposed key areas of focus and priorities set out in the preliminary work plan for 2022. We particularly welcome Open Networks proposal to review the approach to Settlement across DSO services and look forward to providing our continued support to the Project.

We have limited our response to areas where we feel we can add value. If you would like to discuss any areas of our response, please contact Peter Frampton, Market Architect Team Leader at Peter.Frampton@elexon.co.uk

Yours sincerely,

Angela Love
Director of Future Markets and Engagement

Elxon's consultation response

As ever, we commend the ENA and your constituent members on the ambitious programme of works set out for the Open Networks programme in 2022. Our response focusses on a few workstreams where we feel that we can add particular value due our unique position in the GB electricity market.

Workstream 1A

Product 3 – dispatch interoperability and settlement

We believe that the standardisation of flexibility procurement and operation processes across the industry is key to encouraging liquid and efficient flexibility markets. We have a particular interest in the potential convergence of settlement processes, as we are the settlement agent for the Balancing Mechanism, Capacity Market and Contracts for Difference as well as having responsibility for the determination and settlement of imbalance across the whole of the market.

This is a unique role in the GB industry, and at a minimum the dispatch of flexibility at distribution level has an impact on imbalance that may need to be accounted for in some way.

In addition to this, we have the expertise, systems and processes to ensure the effective settlement of physically delivered electricity contracts. We are willing to explore ways of making these available for DSO use, creating benefits for DSOs and market participants as they can expect a consistent experience across all markets.

Product 7 – Carbon Reporting

Elxon's purpose is to serve at the heart of the energy industry and build a path to net zero. A crucial element of building a low carbon electricity system is tracking the production and consumption of carbon across the networks. Currently, this tracking is done in a number of ways but generally not in real time. We are working with the Energy Systems Catapult to explore options for linking generation and consumption of electricity with generation and consumption of carbon within settlement timescales (i.e. every half hour). As well as better reporting, more granular carbon data enables new real time markets for carbon, and can contribute towards System Operator decision making in the dispatch of flexible assets.

We believe this work has a strong synergy with P7, and would welcome the opportunity to share requirements, learnings and solutions with the workgroup as your and our thinking develops.