

ELEXON annual BSC meeting: the road to change and innovation

On 12 July 2018, ELEXON held its Annual BSC meeting and ELEXON seminar. The meeting was attended by BSC Parties, representatives from the industry, and members of the ELEXON Board and BSC Panel.

This year we had the privilege to host three exceptional keynote speakers: Dan Monzani Director of Energy Security, Networks and Markets, BEIS, Lord Hutton, Chair of Energy UK and Victoria MacGregor, Director of Energy at Citizens Advice.

The meeting, hosted by Michael Gibbons CBE, Chair of ELEXON and the BSC Panel, focused on supporting change and innovation, as both industry and customers witness a rapidly-changing energy market.

After a warm welcome from Michael Gibbons, first to speak was ELEXON CEO Mark Bygraves. Mark reflected on the achievements of last year for ELEXON and EMRS. In the face of this unprecedented amount of change, ELEXON's CEO demonstrated the firm's clear drive to concentrate on the future and highlighted two factors that will support ELEXON's objective to enable innovation: technology, and simplification and consolidation of code work.

Technology will be key

Mark set the scene by explaining how industry's fragmented systems with data silos using old technology are not exactly paving the road for change and are factors that can inhibit innovation and new services.

ELEXON is re-architecting its central systems to deliver a scalable, flexible and efficient platform for settlement and other value-added services, with accessible data, building on required EU changes. This renewed business architecture will benefit both existing and new market participants as well as central services, providing smart connected services, data silos, real time analytics and insight through one version of the truth, making data accessible to all.

Mark is set on delivering this change but reassured the audience that we will continue to deliver business as usual with the levels of excellence that have given ELEXON its deserved reputation as a trusted, independent advisor to the electricity industry.

ELEXON's leading role as a code administrator in the current climate of change is taking shape with the first electricity sandbox by a code administrator leading the way; in Half Hourly Settlement; providing supply arrangements for charging electric vehicles; and the publication of ELEXON's White Paper on enabling customers to have multiple energy suppliers.

Simplification and consolidation

"We need to look afresh at the code body landscape and drive a change", Mark Bygraves

With changes coming from Europe, Government, the impact of electric vehicles, and the renewables revolution, Mark called for a regulatory environment that focusses on removing barriers and making markets work flexibly. He emphasised his focus on the need for greater simplification, collaboration and even consolidation of codes/code bodies in the central market space.

With a code landscape that hasn't changed much in 20 years, Mark stressed the need to look at making the central arrangements as simple, streamlined and efficient as possible, advocating for consolidation rather than competition and fragmentation.

Nigel Smith, ELEXON's Chief Financial Officer, provided additional impetus to the cost efficiency of ELEXON's business as usual operations, highlighting to the crowded room that ELEXON's non-BSC activities such as EMR Settlement, had contributed over £700k each year to BSC Parties by defraying existing BSC overheads.

ELEXON's 2018/19 Strategy

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.

Mark reflected on ELEXON's expertise and success as a code administrator, echoed by Ofgem's cross-code survey results, placing ELEXON at the top of the pack; a clear indication that ELEXON has the right industry intelligence and expertise to drive this consolidation whilst staying at the front foot of change.

To finish ELEXON's overview of its strategic priorities, Justin Andrews, Head of Design Authority, gave an insightful presentation and passionate speech on what ELEXON's plans are to enable change and innovation. He focused on the key elements that are driving the 'change in energy revolution': decarbonisation, democratisation, decentralisation and digitisation.

Serving a long career in the energy industry, Justin looked back 20 years ago, when customers were, for the first time, able to choose their electricity supplier. Where will we be in 10 years? – He asked rhetorically.

Half Hourly Settlement design and its impact on data quality and simplification, EV lamppost charging, new storage technology and the electricity sandbox are only a few of the many examples that ELEXON is working on to ensure we can help realise the benefits to the UK economy and consumers.

Justin's conclusions stressed the need for an industry-wide collaborative approach to enable innovation and change to make a real difference to the end customer.

[View all the slides](#)

Keynote speakers

In his keynote speech, Dan Monzani spoke about the progress made to date in decarbonising, decentralising, and digitising the industry and stressed the need for a smart, flexible system that offers significant benefits for consumers.

He reflected on innovation as a crucial strand of the Government's Clean Growth strategy, where the Government has set aside £2.5bn for low carbon innovation to 2021, with BEIS securing more than £500m for their Energy Innovation Programme, which will accelerate the commercialisation of emerging clean energy technologies and processes into the 2020s and 2030s.

Dan Monzani made a strong point about governance. He described how Government is working closely with Ofgem to ensure that policy keeps up with these rapid changes, reforming regulations where necessary to ensure that smart energy solutions can emerge and compete on a level playing field in our energy markets.

Dan finished by saying: *"So here's my ask of you – work with us and with each other now to create new systems of governance which resolve conflicts of interest for system operators, and which update code institutions and processes to make a more streamlined, appropriate and agile process which enables a smart energy system."*

Lord Hutton started his keynote speech by reflecting on the UK energy sector's commitment to decarbonisation, and how it has already led to huge changes in the mix of technologies used to generate power. He continued to talk about the move from estimated metering to Half Hourly Settlement and the introduction of smart metering, stressing how the move to Half Hourly Settlement is crucial if we are to design a system which is fit for the future. In his view, the smart meter roll out is the cornerstone to facilitating the move to Half Hourly Settlement; and ensuring that the rollout is delivered effectively, efficiently and in such a way that engages and empowers consumers is of paramount importance to the industry in enabling a flexible and smarter future.

Lord Hutton continued to look ahead, envisaging a future energy system that builds on the current framework, delivering new innovative solutions to customers that support decarbonisation and ensure security of supply.

Lord Hutton finished his speech by emphasising the importance for industry to work with the Regulator and Government to create the regulatory and legislative environment to support such technologies and foster the innovations needed to drive industry change.

Victoria MacGregor started her keynote speech by welcoming ELEXON's commitment to support change and innovation whilst putting consumers at the heart of its priorities, leading the way in demonstrating how codes can and should be based around the impact changes to industry systems will have on end users.

Victoria explained that although the work of ELEXON and the BSC might be little known by consumers, at times decisions involving the BSC have a very direct impact on them, such as in enabling the rollout of smart meters, stressing that the Code and the way it is interpreted and applied matters to everyone who uses electricity in Great Britain.

She advocated reforms which ensure that consumers are always put to the fore and which provide the flexibility to address the concerns we have now, and new concerns which will emerge in future.

As Citizens Advice Director of Energy, Victoria explained the powerful insight into the issues that people face in their daily lives, and how change and innovation in the industry need to take customers on this exciting journey without leaving them behind.

Echoing all the speakers from the day Victoria MacGregor finished her speech by making a call to collaboration: *'So there is much for us all to do, together, to protect customers and secure the greatest possible benefits for them as the energy system changes.'*

Q & A with the speakers

The meeting drew to a close with an animated round table Q&A session with our keynote speakers and Mark Bygraves, who responded to the audience's questions about the impacts of innovation in the industry. The speakers answered questions from a range of participants on various topics, with electric vehicles being the clear star topic.

Michael Gibbons concluded the day by reinforcing that ELEXON will continue to set the standard for the industry with two objectives in mind: to be regarded as leaders in the market and providing even better customer service and expertise.