

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

The ELEXON Quarterly Report for Q1 2015/16 provides information on the operation, implementation and administration of the BSC, in accordance with [section C3.9.1 of the BSC](#).

The Quarterly Report is divided into four sections:

1. BSCCo Review
2. Operation of the Balancing and Settlement Arrangements
3. Governance and Change
4. Review against the Annual Budget

BSCCO REVIEW

This report summarises the operation of the Balancing and Settlement Code (BSC) for the first quarter of the financial year 2015/16, and describes the activities of the BSC Panel and its Committees. The report also reviews ELEXON's performance against the BSCCo Business Strategy and Budget for 2015/16.

Our strategy this year is to maintain and build upon our previous achievements to fulfil our mission – 'To deliver the BSC effectively, efficiently and economically, to the benefit of our customers', and to support the best strategic outcomes for the evolving industry by pursuing our vision – 'to be a leader in the efficient transformation of energy markets by providing shared solutions to address common industry problems.'

We aim to achieve our strategy by fulfilling five strategic priorities designed to improve our service to our customers and stakeholders. These are to:

- Actively managing and continually improving BSC services to ensure efficient, effective and economic delivery (Delivering our core service)
- Driving efficiencies and savings in our operational business (Driving efficiencies)
- Improving the customer experience and developing better customer relationships (Improving the customer experience)
- Developing our services and adapting our business to address industry challenges (Addressing industry challenges)
- Investing in our people for the benefit of our industry (Investing in our people)

To pursue our vision, we will develop our services and adapt our business to address industry challenges.

We've highlighted some of the key successes below, but you can get a fuller picture of our business activity from the reports presented at each BSC Panel meeting:

- [ELEXON Report 236](#) – 13 March to 8 April
- [ELEXON Report 238](#) – 29 April
- [ELEXON Report 239](#) – 10 April to 7 May
- [ELEXON Report 241](#) – 15 May to 4 June

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

Managing and improving BSC services

Mark Bygraves appointed as ELEXON's CEO

Mark Bygraves was appointed as ELEXON's new permanent Chief Executive Officer following a public selection process. Mark had been the interim CEO from 1 December 2014.

Annual BSC Report and ELEXON Limited Report and Financial Statements 2014/15 published

The [Annual BSC Report 2014/15](#) and the [ELEXON Limited Report and Financial Statements](#) for the year ending 31 March 2015 are now available on the [Reports, policies and publications](#) page of the ELEXON website.

The Annual BSC Report looks back at the BSC Panel's and ELEXON's activities over the 2014/15 BSC year, and highlights how ELEXON continues to be effective, efficient and economic in delivering the BSC, and how we are engaging with the many changes affecting the energy industry to ensure the BSC arrangements remain robust.

The Financial Statements reports on our activities and financial position for the year ending 31 March 2015.

BSC Audit Report for the year ending 31 March 2015

At its June meeting, the BSC Panel noted the [BSC Auditor's Report](#) for the year ending 31 March 2015. This report details the BSC Auditor's Opinion for the period and is accompanied by their Statement of Significant Matters.

The BSC Auditor has not sought to qualify the audit for the period ended 31 March 2015, as the total aggregate volume of all quantifiable material errors is again below the materiality threshold of 1.5TWh approved annually by the BSC Panel.

This BSC Audit Report includes the Statement of Significant Matters raised for the period ending 31 March 2015. These are:

- Proving tests not being performed and/or communicated
- Change of Measurement Class
- Incomplete or delayed provision of meter reads and Meter Technical Details
- Metering System Faults not resolved
- NHHDA D0095 exception report
- Large/Erroneous EACs and AAs
- Issues with the Long Term Vacant (LTV) process
- NHH standing data flow and meter reading backlogs

The report is published on the [Performance Assurance Reports](#) page of the ELEXON website.

June 2015 Release

The June 2015 BSC Systems Release was implemented on Thursday 25 June 2015. The scope of the June 2015 Release comprised three approved Modifications and eleven approved Change Proposals.

Full details of the Release are available from the [June 2015 Release](#) page of our website.

BMRS Update

We successfully delivered the second of the three phases of our new BMRS platform ("Phase 2") on 23 July 2015.

Phase 2 provides an additional "Data Push" service to allow near real time data to be pushed to users over the internet which represents an alternative to TIBCO and a dedicated High Grade line. Phase 2 also introduces additional data items available through the Application Programming Interface (API) delivered in Phase 1.

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

In Phase 2, the majority of the raw data received by the legacy BMRS from National Grid will be made available through the Data Push service and the API. Please refer to API and Data Push User Guide for full details of the available data items.

Phase 3 will deliver the remaining raw data received by BMRS from National Grid and functionality currently in the legacy BMRS. It will also introduce a renewed and more user friendly screen for BSC Parties and stakeholders to view BMRS data.

The implementation date for the 3rd and final Phase of the new BMRS platform ("Phase 3") is 15 March 2016.

Please note that Phase 3 will no longer deliver Approved Modification P297: Receipt and Publication of New and Revised Dynamic Data Items, as Ofgem has approved a revised Implementation Date of 1 November 2016 for P297.

We continue to monitor developments on reporting obligations from the Agency for the Cooperation of Energy Regulators (ACER).

Improving the customer experience

'Introducing ELEXON' seminars

We held two 'Introducing ELEXON' seminars in April and June respectively. Both seminars were fully booked and well attended, and the feedback received was excellent.

New Guidance on the Registration Systems Connection Points

In April, we published a [new guidance note](#) detailing the registration process for Systems Connection Points, primarily Grid Supply Points (GSPs) and Distribution System Connection Points (DSCPs) and new circuits at these points. It contains flow diagrams showing the end to end process for the registration of each of these Systems Connection Points as well as a checklist of steps to be completed by the Registrant. This new guidance is of particular interest to Licenced Distribution System Operators (LDSOs) who are normally the Registrants of these Systems Connection Points.

New Third Party Access guidance

In June, we published [new guidance note on Third Party Access](#) that focuses on BSC obligations and processes for electricity customers within private distribution networks which in turn are connected to Licensed Distribution Systems.

We have tried to consolidate all the relevant information from the BSC and Codes of Practice in the guidance note to facilitate clearer understanding.

Developing our services

European Developments

We continue to monitor developments in the European Network Codes, in particular the Network Code on Electricity Balancing (NC EB), which, amongst other things, covers imbalance settlement.

The Agency for the Cooperation of Energy Regulators (ACER) was originally expected to publish and send its recommended draft of the NC EB to the European Commission during this Quarter, but we now understand this will be in July, possibly at the same time as the European Commission publishes its proposals for a European Energy Union.

With ELEXON support, National Grid raised a BSC Issue to enable the British (GB) electricity industry to examine how the BSC will interface with Project TERRE. Project TERRE is the first advance implementation (pilot) project associated with the NC EB that will impact GB. We anticipate that the associated BSC Issue Group will aim to

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

complete its work before year end, so that a suitable BSC Modification can be raised in time for implementation with TERRE go-live in 2017.

In this quarter we responded to ACER's consultation on the draft European Emergency and Restoration Network Code, part of which covers market suspension which would interact with the BSC Section G. At the end of this quarter, ACER published its recommendation regarding this Network Code to the European Commission.

We also responded to an ACER consultation on standardising the information that ACER collects from REMIT¹ inside information platforms, such as our Balancing Mechanism Reporting System (BMRS). Our major response point was on the timing of its implementation as we believe the changes proposed by ACER will require a BSC Modification to be raised, approved, and then implemented, which will take time to progress.

All our consultation responses referred to above can be found on the [Industry Insights](#) section of ELEXON website.

Following a successful visit to ELEXON in the previous quarter from a representative of APCS -the market operator in continental Europe (Austria) which is most similar to ELEXON- we undertook a return visit to APCS to learn more about the way the Austrian electricity market is organised and the way that APCS operates within it.

Finally, as a number of European market operators/administrators in roles similar to ELEXON are already members of Europex (the Association of European Energy Exchanges), ELEXON had applied to Europex for membership earlier this year. ELEXON's membership of Europex was formally ratified by the Europex General Assembly in this Quarter.

Electricity Market Reform (EMR)

EMR Settlement Services go live

In April 2015 EMRS started issuing invoices for both Contracts for Difference (CFD) and Capacity Market to Suppliers and monitoring receipt of the subsequent payments. This was a significant milestone achieved in our role as EMR Settlement Services Provider. The invoicing process went according to the plan, as follows:

- On 1 April, we invoiced for the first monthly Settlement Costs Levy Payment for the current financial year.
- On 28 April, we invoiced for both the Settlement Costs Levy Payment and the Operational Cost Payment for the previous financial year.
- On 29 April, we started issuing daily invoices for the Operational Cost Payment for the current financial year.

These costs recover the operational costs for the Low Carbon Contracts Company (LCCC) and the Electricity Settlement Company (ESC) from Suppliers.

BSC Changes to support Energy Intensive Industries for EMR

On 1 April 2015, the [Electricity Supplier Obligations \(Amendment & Excluded Electricity\) Regulations 2015](#) came into force, introducing the Energy Intensive Industry (EII) and Green Excluded Electricity policy. Changes to the Balancing and Settlement Code (BSC), a Code Subsidiary Document (CSD), and the Data Transfer Catalogue (DTC) were needed to support the Government's Energy Intensive Industry.

The BSC and CSD changes were implemented as part of the June 2015 Release, on the 25 June 2015. These changes impacted both Suppliers and Half Hourly Data Aggregators (HHDA).

¹ REMIT is the [European Regulation \(1227/2011\) on wholesale Energy Market Integrity and Transparency](#).

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

New Settlement Data page and new publications available on our the EMRS website

We published a number of new documents and data on the EMRS website to support operational activities for EMR. The publications include [Working Practices](#), [guidance documents](#) and a new [Settlement Data](#) webpage. The newly published information is as follows:

- WP21 - Supplier Registration
- WP25 - EMR Aggregation Rules
- WP31 - Amending EMR Party Details
- WP41 - Late Payment Procedure
- EMRS Settlement Authorisations
- NEW - Settlement Data webpage, hosting the Supplier EMRS Settlement Calendar and key figures for Suppliers payments in 2015/16.

This guidance and Settlement information is aimed at supporting Suppliers in EMR Settlement operational activities.

Stakeholder Engagement activities

During this quarter, we have supported the EMR Delivery Body (National Grid) in their Capacity Market stakeholder engagement events for the next two Capacity Market Auctions, taking place in December 2015 and January 2016.

EMR Circulars

We issued 11 EMR Circulars over the quarter; these are available on the [EMR website](#).

Smart Metering and Smarter Markets

The Profiling and Settlement Review Group has now completed its Terms of Reference (ToR) and the Supplier Volume Allocation Group (SVG) has agreed to disband it. The Profiling Expert Group (PEG) will now look at future changes to the profiling arrangements. A new BSC Panel Advisory Group, the Settlement Reform Advisory Group (SRAG), has been set up to look at the Settlement arrangements going forward in light of the smart Meter roll out. The SRAG will be looking at small scale Half Hourly Settlement barriers for customers currently in Profile Classes 1 to 4, data estimation and process issues, communication and guidance requirements, the impact on Settlement of unmetered export from distributed generation, and supporting innovation and technology change.

We continued to regularly meet with Ofgem on Smarter Markets and offer our technical expertise. We re-iterated our offer support to Ofgem, our thoughts on Demand Side Flexibility and our belief in the benefits of Half Hourly Settlement. On change of Supplier, Ofgem has published its decision to lead a programme of work to introduce reliable next day switching by 2019. Ofgem expects the Data and Communications Company (DCC) to procure and run a Centralised Registration Service (CRS) to facilitate the delivery of next-day switching. Ofgem has written to ELEXON and presented to the Panel, requesting support for its 'Reliable Next-Day Switching' programme. We have been asked to provide part-time support to three workgroups starting in November/December 2015 for a year. Ofgem has also asked ELEXON to chair a dual fuel working group on address data quality.

We met regularly with the DCC and the Smart Energy Code (SEC) Panel chair to discuss potential issues, share relevant information about smart meter developments and areas of interaction with the BSC.

On Smart Grids, we contributed to the Ofgem lead Workstream 6 (WS6) and its sub groups. Workstream 6 is now in the process of finalising its report and recommendations from its sub-groups (visibility, distributed generation/storage, consumer, distribution of value, smart metering and community energy & energy efficiency) to the Smart Grid Forum. The expectation is that the report will be presented to the Smart Grid Forum in October.

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

Industry consultations

We responded to four industry consultations over the quarter:

- ACER's consultation on the Network Code on Emergency and Restoration
- ELEXON's response to Ofgem's consultation on a potential further review of industry code governance
- ACER consultation on a REMIT Common Schema for the disclosure of inside information
- ELEXON Chairman's letter to ACER and ENTSO-E

All our responses are published on the [Industry Insights](#) page of the ELEXON website.

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

OPERATION OF THE BALANCING AND SETTLEMENT CODE ARRANGEMENTS

You can find further details about our operational performance, including performance against our key performance indicators in the ELEXON reports presented to the BSC Panel every month:

- [ELEXON Report 236 – 13 March to 8 April](#)
- [ELEXON Report 239 – 10 April to 7 May](#)
- [ELEXON Report 241 – 15 May to 4 June](#)

We report operational issues that affect customers in [ELEXON Circulars](#).

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

GOVERNANCE AND CHANGE

Modifications

3 new Modification Proposals were raised:

- **P321** 'Publication of Trading Unit Delivery Mode'
- **P322** 'Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8'
- **P323** 'Enabling inclusion and treatment of SBR in the Imbalance Price'

0 Modification Proposals were withdrawn.

2 Modification Proposals were submitted to the Authority for decision:

- **P302** 'Improve the Change of Supplier Meter read and Settlement process for smart Meters'
- **P322** 'Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8'

6 Modification Proposals were approved or rejected by the Authority:

- **P302** 'Improve the Change of Supplier Meter read and Settlement process for smart Meters'
- **P305** 'Electricity Balancing Significant Code Review Developments'
- **P316** 'Introduction of a single marginal cash-out price'
- **P317** 'Changes to the Unmetered Supplies obligations in the BSC'
- **P319** 'Removal of annual RMP review from PAF'
- **P322** 'Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8'

0 Modification Proposals were pending Authority decision at 31 March 2015.

2 Modification Proposals were approved by the BSC Panel as a Self-Governance:

- **P317** 'Changes to the Unmetered Supplies obligations in the BSC'
- **P319** 'Removal of annual RMP review from PAF'

3 Modification Proposals were implemented:

- **P307** 'Amendments to Credit Default arrangements'
- **P310** 'Revised Credit Cover for Exporting Supplier BM Units'
- **P317** 'Changes to the Unmetered Supplies obligations in the BSC'

Change Proposals:

5 Change Proposals were raised:

- **CP1439** 'Proving Test Permissible Software'
- **CP1440** 'Exempting Metering Systems in Measurement Class F from proving tests'
- **CP1441** 'Allowing the Peer Comparison technique to be reported on a Supplier Agent level'
- **CP1442** 'Clarifying the application process for Metering Dispensations'
- **CP1443** 'Standard Settlement Configurations for smart and advanced Meters'

11 Change Proposals were implemented:

- **CP1409** 'CoMC process for advanced Meters'
- **CP1411** 'Remove Exemption from Proving Tests for Code of Practice 10 Metering Systems'
- **CP1415** 'Reading submission frequency for smart Meters'
- **CP1416** 'Remotely disabled smart Meters'
- **CP1417** 'Reading validation for smart Meters'
- **CP1424** 'Amending the requirement for Data Aggregators to perform annual Full SMRS refreshes'
- **CP1426** 'Receipt of the D0296 flow at II'
- **CP1428** 'Inclusion of Party Agents in the event of Post Final Settlement Runs'

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

- **CP1429** 'Proving Test timescales'
- **CP1433** 'Clarification of which Metering Systems are captured by the P272 requirements'
- **CP1435** 'Amendments to the SAA-I042 flow'

BSCP40 issues:

0 BSCP40 issues were raised or remain open during this period.

Standing Issues:

1 Standing Issue was raised:

- **Issue 60** 'Interfaces between the European Balancing Project TERRE and the current GB market arrangements'

0 Standing Issue were closed.

BSC Panel and Committee Activity:

As well as considering the Modifications in the section above, the Panel:

- Approved expenditure to procure a contractor to provide external support for the assessment of Modification Proposal P308.
- Approved CP1434 'Amend the three digit numeric Line Loss Factor Class (LLFC) ID to an Alphanumeric ID' (for implementation on as part of the June 2016 Release).
- Agreed that an Issue Group be established to consider the SVG's concerns relating to the way in which EMR requirements were captured under the BSC.
- Endorsed the progression of recommendations to address issues identified in the course of considering Trading Dispute DA686.
- Approved the scope of the Funding Shares Audit.
- Considered the BSC Audit, the BM Audit and Technical Assurance Agent reports for the year ending March 2015.
- Reviewed and approved amendments to the BSC Panel's Strategic Work Programme.
- Considered and published the initial findings of the Panel Governance Review regarding accountability, role and functions.
- Instructed ELEXON to work with other industry Code Administrators to introduce a new Code Administration Code of Practice (CACoP) Principle on cross Code coordination and consulted BSC Parties the proposed revisions.
- Commented on Ofgem's suggested Terms of Reference for an cross-industry group (the Address Data Dual Fuel Working Group) and agreed that the chair and facilitator for the Working Group should be determined by Ofgem.
- Established a new Panel advisory committee, the Settlement Reform Advisory Group (SRAG), in order to assist in developing solutions to address small scale Settlement issues related to the balancing arrangements.
- Noted that the annual review of Panel Committees' Terms of Reference had indicated no changes were required.
- Appointed Alternate Members of the Performance Assurance Board, Trading Disputes Committee, Q8 Committee and WHDRDC.
- Provided input on the ELEXON Board's recruitment of a Chief Executive Officer for ELEXON.
- Appointed a Panel Sponsor to provide oversight on ELEXON's BSC Systems sourcing approach.
- Received regular updates on the progress of work being undertaken by ELEXON's subsidiary, EMRS Ltd, in relation to Electricity Market Reform.

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

Imbalance Settlement Group (ISG):

The ISG continues to oversee and contribute to the development of the CVA arrangements. The ISG:

- Approved two Change Proposals (CPs) as follows:
 - CP1430 'Clarification to the ECVA/MVRN processes' (for implementation in the November 2015 Release); and
 - CP1435 'Amendments to the SAA-I042 flow' (for implementation in the June 2015 Release).
- Approved 10 Configurable Items that had been amended for the June 2015 Release.
- Approved four Metering Dispensations on a temporary basis.
- Approved one Metering Dispensation on a lifetime basis.
- Approved changes to the Credit Assessment Load Factor (CALF) Guidance Document following the Approval of BSC Modification P310 'Revised Credit Cover for Exporting Supplier BM Units'.
- Appointed a new member of the Metering Dispensation Review Group.
- Considered the findings of ELEXON's six-month review of the effects of implementing Approved BSC Modification P306.

Supplier Volume Allocation Group (SVG):

The SVG continues to oversee and contribute to the development of the SVA arrangements. The SVG:

- Oversaw the progression of over 60 changes to Market Domain Data
- Approved five Change Proposals (CPs) as follows:
 - CP1431 'Extend Site Check Exemption to Measurement Classes F and G' (for implementation in the November 2015 Release)
 - CP1432 'HH Default EAC by Measurement Class' (for implementation in the November 2015 Release)
 - CP1433 'Clarification of which Metering Systems are captured by the P272 requirements' (for implementation in the June 2015 Release)
 - CP1436 'EAC/AA and NHHDA Applications – Windows Server upgrade' (for implementation in the November 2015 Release)
 - CP1440 'Exempting Metering Systems in Measurement Class F from proving tests' (for implementation in the November 2015 Release)
- Made a recommendation to the Panel on CP1434 'Amend the three digit numeric Line Loss Factor Class (LLFC) Id to an Alphanumeric LLFC Id'
- Approved the changes to BSC Procedure (BSCP) 15 for the June 2015 Release
- Provided comments on ELEXON's updated guidance on the relationship between the Smart Metering Equipment Technical Specifications and the BSC's Codes of Practice (CoPs)
- Agreed that ELEXON should raise a CP to clarify that the Smart Metering Key Infrastructure delivers a higher level of security than the existing CoP10 requirements
- Approved the allocation of a new Grid Supply Point (GSP) to a GSP Group
- Approved two Unmetered Supplies Central Management Systems for use in Settlement
- Appointed a new member of the Metering Dispensation Review Group
- Disbanded the Profiling and Settlement Review Group, following the completion of its Terms of Reference.

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

Trading Disputes Committee (TDC):

The TDC:

- Approved 1 CP
- Upheld 10 Trading Disputes

Performance Assurance Board (PAB):

In addition to normal work, the PAB:

Approved the Qualification of:-

- Peel Electricity Network Limited as an UMSO and SMRA
- In Home Technology Limited as a HH and NHH MOA
- Gold Energy Supply Limited as a HH and NHH Supplier
- Silver Energy Supply Limited as a HH and NHH Supplier
- Bronze Energy Supply Limited as a HH and NHH Supplier
- Nickel Energy Supply Limited as a HH and NHH Supplier
- Copper Energy Supply Limited as a HH and NHH Supplier
- Mercury Energy Supply Limited as a HH and NHH Supplier

Approved the Surrender of Qualification of:-

- Siemens Operational Services as an NHHDC

Approved the following:-

- Annual Supplier Charges review for 2015/16
- PARMS Serial SP11 format
- Scottish Power/Manweb Supplier NHH performance EFR plan and milestones

Agreed the following:-

- Risk Evaluation Methodology 2016/17
- ELEXON's response to the Technical Assurance Agent annual report 2014/15

Noted the following:-

- Results of the P283 Technical Assurance (TAPAP) checks
- Risk Evaluation Register 2016/17 being issued for industry consultation
- Monthly progress updates on P272/P322, Change of Measurement Class
- BSC Audit report 2014/15
- Technical Assurance Agent annual report 2014/15
- NATP Supplier NHH performance update
- Scottish Power/Manweb Supplier NHH performance update
- Scottish Power/Manweb NHHDC Change of Supplier update and EFR plan
- EMR update
- Potential impact of erroneous LLF values on Group Correction Factor

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

REVIEW AGAINST THE ANNUAL BUDGET

Summary

The provisional year to date expenditure for the first quarter of 2015/16 is £6.8m, £1.6m (19.0%) below budget and the full year forecast stands at £36.5m, £1.3m (3.5%) below budget.

The material underspends in the quarter and in the full year forecast is largely driven by the change of approach regarding the transformation work. Both employee and system strategy costs included material contingencies at the time we prepared the 15/16 budget to enable a wholesale change in systems. A subsequent change to this approach we believe will reduce these areas, and therefore anticipate returning a material proportion of this additional budget to Parties.

Expenditure by type

The position against budget for the full year is summarised below:

£m	YTD	Var.	Full Year	Var.
Operational	3.4	0.6	16.5	1.2
Demand Led	0.3	-	1.8	-
Contracted	2.9	0.4	13.7	0.1
System Strategy	0.2	0.6	2.5	-
Market Development	-	-	2.0	-
Total Elexon	6.8	1.6	36.5	1.3

Unfavourable variances to budget are in brackets

Operational expenditure

The Operational expenditure for the first quarter of 2015/16 financial year stands at £3.4m. An actual underspend of £0.6m (14.5%), and the full year forecast stands at £16.5m.

Once taking account of costs defrayed through the EMR grant, the forecast underspend for the year is £1.2m. These are driven in the main by the aforementioned change in approach regarding system strategy.

The EMR grant fully covers the cost of additional resources required (both those working directly on the project as well as those required as back-fill). It also recovers the cost of existing ELEXON employees based on time spent.

Demand Led expenditure

The full year Demand Led expenditure is £1.8m. We have incurred a total cost of £0.3m on BSC system release projects, BMRS project and impact assessments.

We are still expecting costs relating to the June 15 Release (£36k), the November 15 Release (£685k) and BMRS (£340k) to be incurred in the 15/16 financial year.

QUARTERLY REPORT Q1 2015/16: APRIL TO JUNE 2015

Full year expenditure is maintained in line with budget as we continue to explore agile approaches in fulfilling our demand driven activities.

Contracted expenditure

The contracted expenditure for the first quarter of the 2015/16 is £2.9m, £1.7m of which relates to BPO services. Lower than budgeted indexation has led to £47k savings on BPO fixed cost and we have received service credits of £14k for BPO service.

Aside from the above, the forecast is expected to be broadly in line with budget and projected to be £13.7m for the full year.

System strategy

Costs totalling £0.2m have been incurred relating to various system strategy projects. The remainder of the budget is being maintained as we continue to develop our overall system strategy.

Market Development

Our business plan for 2015/16 includes a budget of £2m for Market Development to ensure our settlement arrangements remain fit for purpose, most especially during the roll out of smarter market activities.

We are currently delivering this 'horizon scanning' activity using existing internal resources, and have therefore yet to incur any additional external expenditure. We are however maintaining the forecast in line with budget at the time.

We have allocated part of the Market Development budget (£200k) for European matters, which include, but is not limited to, increased travel costs as a result of European engagement, Energy UK subscription & Europex annual membership.