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Press Release

ELEXON RESPONSE TO FIRST ROUND SMART METERING PROSPECTUS

ELEXON, a core provider of services to the electricity industry, has published its response to the first round of questions from the DECC and Ofgem Smart Metering Prospectus.

Peter Haigh, Chief Executive, commented "We're really pleased to have the opportunity to respond to the prospectus, as we believe that much of what is included within the document fits within ELEXON's core capabilities. We're really committed to using our expertise and knowledge within the energy sector to deliver a solution that will result in a more efficient and effective energy market."

ELEXON is an expert provider of procurement, assurance, management and change services for the energy industry. Playing a leading role in the delivery of the NETA programme which transitioned away from the previous England and Wales trading arrangements, ELEXON subsequently took on and managed the expansion of these new arrangements to Scotland as part of the BETTA programme. Since then, it has been responsible for delivering successful procurements, assurance and managing change to the BSC, whilst reducing costs to the industry. ELEXON's ambition is to lead the transformation of the central energy arrangements, to bring benefits to its customers and the wider industry.

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Summary of ELEXON response

Supporting successful programme delivery

- We support the need for strong communications and clearly defined accountabilities coupled with strong programme management. Clear leadership is paramount to the success of the project.
- Rollout rates are ambitious and to support this we believe targets need to be agreed and regularly monitored. We believe our market wide data sets provide a valuable method for monitoring the progress of the rollout.
- We are experts in Code management and are well placed to manage any interim arrangements for the programme pending the appointment of the new DataCommsCo (DCC.)

Rising to the challenges

- To maintain a fluid market and a positive consumer experience we wholeheartedly support the need for a market wide interim interoperability scheme.
- We believe the proposed 6 month window from appointment of the DCC to having contracts in place is unworkable, and have suggested a possible solution which sees procurement running parallel to the DCC appointment.

Championing Market Transformation

- As a solutions orientated business, we believe that the rollout of smart metering presents an opportunity to improve industry process such as change of supplier and how to deliver a consolidated approach to metering registration.
- We agree that the current industry systems and processes are fragmented and in areas inefficient. We advocate consolidation and simplification. We also go further and encourage that the introduction of a new Smart Energy Code be used as an opportunity to establish a framework for consolidating and simplifying the governance arrangements.

Managing the impact on Electricity Settlement

- Settlement will need to cope with data from a mixture of smart and conventional meters. During the transition we will continue to work with the industry to manage the meter to bank process to ensure that quality, accuracy and equitability of the settlement arrangements is maintained . Find out more about our current industry consultations on profiling and settlement on our website www.elexon.co.uk.

About ELEXON

ELEXON delivers a range of balancing and settlement services that are critical to the successful operation of Great Britain's electricity trading arrangements. We manage processes and systems from meter to bank, handle over £500 million of our customers' funds each year and interact with every one of the over 200 companies that take part in the electricity industry, who in turn supply over 28 million customers across the country.

As part of our role in ensuring that residential and business electricity settlement takes place, we have expertise in procuring and managing large industry leading contracts for systems and processes, we provide assurance services that the system works, that our customers are complying, and we managed the implementation and development of one of Great Britain's largest energy industry codes, as well as dealing with the ongoing day to day governance.

We've managed extensive industry change over the past 10 years, with the development and introduction of the NETA arrangements, the role out of the Balancing and Settlement Code into the Scottish Market in 2005 (BETTA), undertaken regular reviews and re-procurements of our large contracts (worth over £226 million), and constant updating of the Code itself. We are now perfectly placed to help provide industry leading solutions to the challenges that changes across the energy industry are creating.

How is ELEXON looking to the future?

We're consulting widely on smart metering, and smart grids, looking at how any proposed changes may impact on settlement and our customers, and proactively proposing solutions. We're considering the impact of the low carbon economy, and particularly the challenges that electric vehicles may bring, as well as any increased reliance on renewable energy sources.

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