

ELEXON BUSINESS PLAN 2016/17

FOREWORD

Mark Bygraves, Chief Executive

'Delivering the core BSC services lies at the heart of the BSCCo strategy'. This statement applies to the past equally well as it applies to the future, and I hope that it is a mantra that comes through in the strategy we have developed for 2016/17. As always, there's a lot for us to do. In addition to keeping Settlement up and running 24 hours a day, 7 days a week, 366 days (in the case of 2016) a year, we have an obligation to keep abreast of industry change, contributing to significant pieces of work such as Ofgem's smarter markets work, Settlement reform, European developments and the Competition and Markets Authority's investigation. We provide support to new entrants, act as a source of expertise for the industry and, where appropriate, stimulate discussion and debate through workshops, the Annual BSC Meeting and joint initiatives with colleagues from across the industry. We must also ensure that our systems and processes are robust, flexible and reliable so that BSC Parties know they can rely on us not only today, but also in the future.

Our Business Plan for 2016/17 should, very intentionally, have a similar look and feel to those adopted in previous years. As with previous incarnations, it sets out a plan for how the BSCCo will, over the forthcoming year, fulfil its core obligations of delivering the BSC services, maintaining the BSC and its associated systems and processes and providing support to the BSC Panel to enable it to fulfil its own set of obligations and deliver against its own strategic workplan of priorities.

I am acutely aware that we are working in an industry that is under financial pressure, and that BSCCo must play its part in ensuring efficiency, value for money and keeping costs as low as possible but without putting the ongoing delivery of the BSC arrangements at risk. Despite the additional BSC activities we will be undertaking in 2016/17, I am pleased that this budget is lower than the target 2015/16 budget. For the year ahead, we will concentrate on stabilising our systems to reduce costs, increase flexibility, reduce the cost of change, mitigate the risks of failure and overall drive improvements to services and improve value from our BSC Agent contracts. This work will require some upfront investment, but will deliver savings in excess of £1m per annum from next year.

Whilst our clear focus remains on delivering the core and ensuring value for money and efficiency across all our activities, we have listened to feedback from customers and stakeholders and ensured that the strategy is reflective of (and capable of delivering against) an increasing need for the BSC to evolve with the flux and change going on in the industry around us.

I believe that the BSCCo strategy we have developed is challenging and stretching, yet realistic and achievable. It is one that aims to deliver a service that BSC Parties value, and one that marks us out as a leader in the world of Code Administrators and delivery bodies, and I look forward to continuing to work with my colleagues from both within ELEXON, the BSC Panel and across the industry to deliver it.

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EMR Settlement Limited

ELEXON's subsidiary company, EMR Settlement Limited, performs the roles of EMR Settlement Services Provider for Contracts for Difference (CfD) and the Capacity Market (CM). All costs and liabilities associated with this work are ring fenced and kept separate from BSCCo's activities and budget (and so are deliberately excluded from this BSCCo Business Plan). However, BSC Parties have been, and will continue to, benefit financially from our involvement in EMR through the offsetting of existing BSC overhead costs and a consequent reduction in overheads charged to BSC.

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Michael Gibbons CBE, Chairman

Governance lies at the heart of much of my work as BSC Panel and BSCCo Chair, so it will come as no surprise that I've kept a particularly close eye this year on the governance and Code requirements that sit behind the business planning cycle. Over the past year, the BSCCo Board and BSC Panel worked in collaboration to define potential reforms to the governance of the BSCCo to introduce, amongst other things, clarity in the relationship between the BSCCo Board and BSC Panel. I'm encouraged that this initial 'straw man' is being progressed via a modification to the Code, and that a second modification addressing governance issues has also been raised.

Mindful of the direction of change that our governance is moving in and the clear intentions of these Modification Proposals to reform BSCCo's governance, we have tried wherever possible to incorporate elements of the 'best practice' the modifications are seeking to implement into the development of the Business Strategy. The prime example of this is our use of the BSC Panel's own strategy and work-plan as a starting point when formulating the BSCCo Strategy. This BSC Panel Strategy also reflects Ofgem's recommendation that industry panels produce their own forward looking work plans.

At the heart of the 2016/17 BSCCo strategy is a commitment to maintain our focus on delivery of the core BSC Services, whilst also ensuring that both we and the BSC remain alert and flexible for potential change arising from industry developments. We also give an overarching assurance that we will strive to offer value for money through efficient, economic and effective delivery of all that we do.

Both the Panel and BSCCo are coming to the end of a busy year and, as documented by this strategy, have another busy year ahead. As we turn our mind to 2016/17, I'd like to take this opportunity to thank my colleagues within ELEXON, the BSC Panel, the Panel Committees and the raft of industry members who contribute to various expert working groups for their continued commitment and dedication to the delivery and operation of the BSC.

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REVIEW OF 2015/16 BUSINESS STRATEGY

Our 2015/16 Business Strategy was a continuation of the one we've been following since 2011/12. The plan focussed on seeking improvements in our management of the BSC whilst horizon scanning for issues beyond the BSC that may have an impact on (or require changes to) the settlement processes. It was based on our mission and vision, firmly grounded in maintaining our expert delivery of the core BSC Services, whilst also including provision for us to investigate approaches to manage and, where appropriate, change or replace the BSC systems' architecture and data provision.

Insert mission and vision graphic.

Throughout 2015/16, our activities focused around our five strategic priorities.

Insert strategic priorities graphic.

A summary of some of our 2015/16 activities is set out below. For more detail on our operation, implementation and administration of the BSC throughout the year please refer to our [quarterly reports](#).

Actively managing and continually improving BSC services

Last year, for the first time, we worked with the BSC Panel and Panel Committees to develop a work programme of issues that the Panel and committees would base their work on for the next three years. This work programme was used as the starting point of the BSCCo Business Plan, so the bulk of areas identified for improving BSC services were priorities of the BSC Panel.

Significant areas of work included the progression of a number of Modifications to the BSC to amend cash-out and to mandate Half Hourly Settlement for profile classes 5-8. We also worked with the PAB to focus its assurance activities on areas identified by the BSC Auditor as requiring attention, including commissioning, CT ratios, proving tests and change of measurement class. In addition, we worked with the BSC Panel and BSCCo Board to progress improvements to the governance arrangements. This work was initially prompted by the findings of the Knight Report. Over the past year the BSC Panel has reviewed its own governance arrangements and worked with the BSCCo Board to identify an improved BSC Governance regime. Implementation of both of these pieces of work will continue into 2016/17.

Driving efficiencies and savings in our operation of the BSC

We are always conscious of the fact that BSC Parties fund our activities, and that we have a responsibility to ensure value for money through controlled financial management, by delivering innovation in partnership with our service providers and by securing best value from our contracts and commercial relationships. Our 2015 customer survey results show that our customers' perception of our value for money is higher than ever before. Although the need to stabilise central systems will put upwards pressure on our overall budget over the next 12 months and beyond, we still want to maintain and improve our delivery on value for money.

A significant proportion of the cost of delivering the BSC arrangements comes from contracted expenditure on the BSC Agents. This year, we undertook a review of our sourcing options in respect of two of our key outsourced contracts. As part of the review, we refined our requirements and re-negotiated our contractual arrangements, extending the existing Business Process Operate and Host (BPO) contract with CGI and transferring the Application

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Management and Development (AMD) services from Cognizant to CGI. This has enabled us to secure savings in excess of £2.7m over three years. These costs savings will be passed directly on to BSC Parties.

BSC Parties have also benefitted financially from our provision of EMR settlement services through the offsetting of existing BSC overhead costs and a consequent reduction in overheads charged to BSC.

Insert customer survey VFM graph

Improving the customer experience and developing richer customer relationships

Our customer base is broad and varied, so we aim to flex the services we provide to suit the needs of all our customers. Throughout 2015, we placed a particular focus on extending our senior level executive engagement. Our executive team's aim was to engage in strategic conversations with our customers to gain a greater understanding of their requirements of the BSC and BSCCo and how they might like to see our services developed. Each executive team member has also been assigned responsibility for a Panel Committee which they regularly attend in order to increase their oversight of the issues affecting some of our key stakeholders – our Panel Committee members.

Our provision of training has always been well received and valued by our customers. In direct response to customer feedback, we have started to roll out a suite of online training sessions in order to make training on frequently queried areas more widely available. However, this has not been at the expense of face to face interaction; we continued to make our experts available to the industry via introduction seminars, tailored education sessions and extensive support to a range of new entrants.

In response to feedback from our customers we've also made improvements to our website – in particular through the introduction of a new, more intuitive search function.

Insert customer satisfaction graph: We carry out an annual customer survey to formally check how our customers rate the service we provide, and we're delighted that in 2015 we received one of our most positive set of results ever, with 69% of those asked rating their overall satisfaction as 8+ out of 10.

Developing Balancing and Settlement services to address industry challenges

Our industry continues to be characterised by change, and last year we maintained our watching brief over key areas of change, providing guidance to the BSC Panel and support to the industry. For example, we contributed to the CMA investigation, Ofgem's Smarter Markets, kept abreast of EU issues via our presence on the Market European Stakeholder Committee, co-hosted an industry information day on European harmonisation of the imbalance settlement period and, at Ofgem's request, took on the role of chairing and leading on the cross-code working group tasked with delivering a report to Ofgem on remedies to address data quality issues. This year ELEXON has developed thinking with industry to develop changes to encourage greater take up of elective HH Settlement. Next year we will work with Ofgem and industry to develop the long term goal for mandated HH Settlement.

In addition, in May 2015 DECC extended our existing contract to provide the Warm Homes reconciliation service by up to an additional two years. This is a real example of ELEXON using its skills and expertise more widely than the original constraints of the BSC for the benefit of BSC Parties and the wider industry. We expect that BSC Parties and the regulator will want to identify more such areas where we could apply our skills, data and knowledge for the benefit of customers and the wider industry, and the amendment of National Grid's Transmission Licence in May 2015 to remove the previous constraint on BSCCo undertaking new activities provides scope for this.

Investing in our people for the benefit of industry

Our people are at the heart of our business, and the service that we provide to our customers and stakeholders is defined by the expertise and knowledge of our people. Our customers regularly tell us how highly they rate our people, so it's vital that we invest in their skills and development, as well as in retention and recruitment, to ensure that we maintain a workforce of people who are experts in their field.

Last year we continued to promote learning and development through a mix of externally delivered performance training, opportunities in new areas (eg EMR), knowledge transfer and colleague mentoring. We assessed staff policies to ensure they remained relevant and effective, and undertook a comprehensive salary review to ensure that our remuneration packages are comparable with the rest of the industry.

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OUR STRATEGIC PRIORITIES FOR 2016/17

The BSCCo Business Strategy and Budget (which in combination form the Business Plan) are constructed around a set of strategic priorities. These priorities should represent the BSCCo's response to the challenges and opportunities facing our customers and the wider industry, based on an assessment of a range of factors, including:

- our customers' views and expectations of our services
- market developments
- the evolving technology landscape
- our past achievements and results
- current economic conditions and outlook

This year, the BSCCo Board, in response to feedback from customers and stakeholders, has identified a need for enhanced services within the area of code administration and delivery. Whilst delivering an economic, reliable core service has, and always will, be ELEXON's primary aim, we are becoming aware of an increasing need and demand for us to move from a passive, rules-based service to an intelligent, value adding support service that provides proactive opinion and industry leadership.

In addition, the BSC Panel has been clear in developing its own strategy and 2016/17 work plan that acknowledges, while cost reductions in previous years has been admirable, there may be a need for central costs to rise. In particular, the Panel has requested that the BSCCo's strategy and budget provide the capability for operations to be scaled up to support the roll-out of smart metering and the potential additional work that is likely to arise from the increased level of change in the market; and to address issues that may arise during this period of significant flux.

Our Business Plan for 2016/17 will be based on our mission and vision, with the mission refreshed to include scope for evolving the BSC to respond to industry requirements:

Insert mission graphic:

To deliver and evolve the BSC effectively, efficiently and economically, to the benefit of all our customers and stakeholders.

Our vision remains unchanged:

Insert vision graphic:

To be a leader in the efficient transformation of energy markets by providing shared solutions to address common industry problems.

The business plan is designed to focus on delivering the core BSC services, whilst being ready to respond in a well-planned and strategic manner to additional challenges that are beyond our control. Our activities that we plan on undertaking are split into four key areas of focus, or strategic priorities:

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Insert strategic priorities graphic:

- 1. Delivery:** Actively manage our services to ensure that we deliver in a reliable, economic and efficient way.
- 2. Engagement:** Improve the customer experience and develop richer customer relationships.
- 3. Improvement:** Enhance and evolve our services to support industry changes and the development of the energy market.
- 4. Capability:** Invest in our people for the benefit of the industry.

Developing our business plan (insert somewhere appropriate + graphic)

The BSC Panel has an objective to give full and prompt effect to the BSC so as to achieve the Applicable BSC Objectives in a transparent, economic, efficient and non-discriminatory way. It also has a general responsibility to keep informed of issues that fall outside the direct governance of the BSC and assess (and take steps to address) any impact in a coordinated way.

With these obligations in mind, ELEXON has worked with the BSC Panel and Panel Committees to develop a work programme of issues that the Panel and its committees will base their work on over the next three years. This work programme has been used as the starting point for the BSCCo Business Plan.

Delivery: Actively manage our services to ensure that we deliver in a reliable, economic and efficient way

Delivering BSC Services that our customers trust, can rely on and have confidence in – and securing best value for these services - is at the core of what we do. We remain absolutely committed to delivering the BSC and to working with the BSC Panel and its committees to provide them with the support and analysis they need to fulfil their responsibilities on behalf of BSC Parties.

Our aim is always to create additional value for our customers by improving and enhancing BSCCo services and driving down costs where sensible and appropriate. We want to deliver a service that exceeds our customers' expectations and makes their interactions with the BSC as easy as possible.

Our 2015 customer survey results show that our customers' perception of the value for money we offer is higher than ever. To maintain this, we must carry on striving to deliver value through a customer-focused service that is best in class. But efficiency is also a priority. While we maintain our commitment to continuously seek ways of improving services and implementing improvements, we are mindful of the need for a robust financial business case to justify each potential development.

Our contracted expenditure on the BSC Agents, and other contracted service providers, form a significant proportion of the costs of delivering the BSC arrangements, usually in the form of fixed costs. We will continue to regularly review all our contracts to ensure that we're achieving maximum value from contractual relationships, procuring the right services, and identifying and implementing potential service improvements.

How we'll achieve this priority:

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Delivery of core BSC Services

Ofgem's review of Code Governance	Ofgem reviewed industry code governance in 2010 and 2013. However, with the anticipated scale of change required in the coming years, Ofgem has concerns that the arrangements may not be operating in the best interests of consumers. Ofgem believes it is timely to review the reforms it previously implemented and potentially introduce further reforms. This review was announced in Spring 2015 and is likely to take around a year to complete, with the potential for subsequent Modifications to the BSC to implement any recommended solutions and revisions to the current arrangements.
Developing our BSC systems approach	Current systems' architecture is rooted in the last century; it is difficult and expensive to maintain and develop and its risk of failure is increasing. Given the high level of change forecast and in light of the rapidly evolving industry arrangements, improvements are needed to the BSC systems over the next five years. Key deliverables will include: <ul style="list-style-type: none"> ● mechanisms to continuously plan and maintain the design of central systems and processes; ● mechanisms to facilitate the planning of system changes that meet industry needs and integrate with wider industry-driven change; and ● enhanced impact assessment processes.
P305 monitoring	P305 implements the conclusions to the Electricity Balancing Significant Code Review, putting in place a single, marginal imbalance price, introducing Reserve Scarcity Pricing and introducing pricing for Demand Control actions. In addition to a post-implementation review of the impacts of P305, we will introduce ongoing BAU monitoring, supporting a wider, annual review in the lead up to the November 2018 reduction in PAR value.

Resolution of known BSC issues

Credit	We will continue progressing changes to the existing credit provisions in order to offer greater flexibility and alternative methods for securing credit under the BSC.
Metering	Key areas of concern raised in the most recent BSC Audit related to metering and data quality issues in the non half hourly market, including: <ul style="list-style-type: none"> ● <u>Errors in the capture of metered data</u>: The health of metering systems, including commissioning, in the half hourly market appears to be decreasing, leading to energy allocation errors between BSC Parties. ● <u>Proving tests</u>: Concerns have been raised over the proving test process (proving tests either not being performed, or results not being communicated to Data Collectors). ● <u>Change of Measurement Class (CoMC)</u>: The Auditor's assurance work has continued to highlight problems with

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	<p>the CoMC process, largely due to issues with provision of information between Party Agents.</p> <ul style="list-style-type: none"> • <u>Meter reads and meter technical details</u>: This year's audit saw an increase in material audit issues related to inadequate provision of meter reads or meter technical details between Meter Operator Agents and Data Collectors. • <u>Metering system faults</u>: Issues have been identified with metering system faults not being corrected, leading to backlogs, or correct data flows not being sent to BSC Parties and Party Agents.
Dispensations and Codes of Practice	<p>The Imbalance Settlement Group continues to be concerned by the high volume of metering dispensations. This encompasses both new applications and requests to extend long-standing dispensations where corrective action has not been progressed. The BSC Panel has suggested that it may be appropriate to address this issue via a review of the relevant Codes of Practice to ensure that they are fit for purpose.</p>

Efficient working practice and communication between Panel Committees

Panel governance	<p>The BSC Panel has initiated a piece of work to consider its own governance to ensure that it remains fit for purpose and demonstrates best practice. This review, and implementation of agreed solutions, will continue into 2016/17, and includes implementation of changes to working practices and policies, and delegation of responsibilities.</p>
Flexible, efficient reporting	<p>Delivery of an efficient, coherent and secure reporting suite that will allow BSC Parties and the Panel and its committees to have direct and timely access to their own and market-wide public data, with services such as trend based reporting and an easy to use secure online interface. Such a reporting suite will transform the way that ELEXON provides data, reports to industry and the support that can be provided to the Performance Assurance Board.</p>

Engagement – Improve the customer experience and develop richer customer relationships

Our customer base is diverse. It includes large vertically integrated companies, small suppliers and generators, traders, National Grid, distribution network operators, regulatory and government agencies and consumer bodies. Such a broad range of stakeholders have an equally broad range of requirements and expectations. Our aim is to deliver a service that meets all of these needs and expectations. We want to make their interactions with the BSC – a necessarily complex set of processes and documents – as simple as possible. It's our job to make it easy for our customers and stakeholders to navigate the complexity of the BSC.

Our business plan for 2016/17 reflects our aim of continuing to meet our customers' needs and fulfilling their requirements of us while, in parallel, acting as an independent critical friend. As always, we will seek feedback from our stakeholders on how well we're doing informally throughout the year as well as via a more formal measure of customer satisfaction through our annual customer survey.

How we'll achieve this priority:

<p>Best practice change provisions</p>	<p>The core provisions relating to Modifications under the BSC and those that set out the document architecture will be reviewed to ensure continued best practice in light of feedback from industry. Concerns to be addressed include:</p> <ul style="list-style-type: none"> • clarity of governance provisions for Modification Workgroups; • consideration of how recommendations are put to the Panel, how the Panel makes decisions, and the recommendations it makes to the Authority; • concerns that BSC provisions limit the development of Alternative Modification Proposals; and <p>a desire to ensure there is clarity in the status of, and relationship between, BSC documents.</p>
<p>Review of BSC Document Architecture</p>	<p>We have identified a need (endorsed by the BSC Panel) to review the BSC Document Architecture in order to establish agreed principles underpinning the establishment, structure, content and maintenance of Code Subsidiary documentation.</p>
<p>BSC website review and improvement</p>	<p>Recognising that our website is one of the main conduits for us delivering our data provision obligations, and in response to feedback from customers, we will continue work on improving the ELEXON website, focusing on:</p> <ul style="list-style-type: none"> • improved access to key reports; • enhanced web-based reporting and analysis tools; and • self-service reporting and analysis.
<p>Improved customer support provisions</p>	<p>We know that BSC Parties value our Operational Support Manager (OSMs) and we are keen that we continue to provide an OSM service that is best in class. In order to do this, we will continue to invest in the skills (both technical and 'soft') of our OSMs.</p> <p>OSM-level engagement with our stakeholders will be complemented by a continued programme of senior-level engagement.</p>
<p>Supporting new entrants</p>	<p>We will continue to provide support to new entrants into the market. As part of this role, we will consider the needs and requirements of different types of participants as market models evolve and adapt our services accordingly, with a particular focus on ensuring that we meet the need of new entrants who do not confirm to traditional business models.</p>
<p>Code Administration Code of Practice (Principle 13) and industry change co-ordination</p>	<p>We've identified areas where we believe we can add additional value to our code-administration provision, with key deliverables including:</p>

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	<ul style="list-style-type: none"> • more coordinated identifying and reporting of cross-Code changes and impacts (including a forward view); • new/improved interfaces with other Code Administrators to identify cross-Code changes; and • new processes to agree lead Code Administrator on cross-Code changes. • Code co-ordination:
Executive engagement	We will continue with our programme of executive engagement to enable senior level, strategic discussions between our customers and ELEXON's executive team.
Industry days	We will foster debate and aim to increase understanding of key industry issues by hosting industry days and workshops.

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Code coordination

ELEXON has provided consultation responses and held discussions with the CMA and Ofgem regarding the role of Code Administrator. We will continue to seek to identify more effective ways of delivering the BSC code administration services as well as working with other code administrators for effective cross code changes. We led the way this year by bringing together other code administrators and developed a new Code Administration Code of Practice principle (Principle 13 - change co-ordination). To build upon this work we will work with the Panel to review the Panel and committee governance, review the change process and document architecture and how we present information. This will allow us to ensure we provide best in class code administration services. We will work with the Panel, Ofgem and other administrators to implement any other recommendations arising from the CMA findings and Ofgem's further review of code governance.

Improvement: Enhance and evolve our services to support industry changes and the development of the energy market

While we draft the 2016/17 BSCCo Business Plan, we find ourselves once again in an industry characterised by unprecedented levels of change. Smart metering, European developments, market reform (particularly derived from the pending recommendations of the Competition and Markets Authority's investigation) and political and media scrutiny are all contributing to the evolution of the industry. We must ensure that we are fully cognisant and mindful of these changes so that, where appropriate, we can contribute to the thinking behind them. We must ensure that the BSC reflects change, is robust to change and also that it doesn't obstruct or hinder the development of the energy market. We must also ensure that we are equipped to support the BSC Panel in fulfilling its responsibility to keep informed of issues that fall outside the direct governance of the BSC.

How we'll achieve this priority:

<p>European harmonisation</p>	<p>European Codes take precedence over our national codes and arrangements, with the potential for significant impact on the current trading arrangements. European Network Codes will be further developed and the GB market will need to assess what their implementation will mean for our arrangements.</p> <p>We will continue to monitor the developments from Europe, particularly work to harmonise energy markets across Europe. It is important to ensure that the Panel is made aware of European developments via ELEXON's monitoring and updates. More widely, the Panel has a role in ensuring that appropriate support is co-ordinated within GB and that the BSC is ready to accommodate changes arising from European developments which have the potential to fundamentally impact market design and the balancing and settlement provisions.</p>
<p>Development of Smarter Markets</p>	<p>Ofgem's Smarter Markets programme incorporates Electricity Settlement Reform, Demand Side Response and Change of Supplier.</p> <p>There are a wide range of implications arising from the move towards smart metering and smart grids that we must continue to monitor. These include:</p> <ul style="list-style-type: none"> • the practicalities and associated monitoring of mandated half hourly settlement for meters in Profile Classes 5-8; • impacts on residual non-half hourly provisions such as profiling; • impacts on settlement of increasing export spill volumes associated with Feed in Tariffs; • data quality arrangements and swifter change of supplier process to enhance competition (and, in particular, changes arising from Ofgem's significant code review); and • calls to reduce the Settlement timetable. <p>Work will continue to provide expert support to all aspects of the Smarter Markets Programme and to progress any necessary changes under the BSC.</p>
<p>Ofgem's Future Wholesale Market work</p>	<p>Ofgem is due to announce a way forward for its newly formed Future Wholesale Market work (replacing the Future Trading Arrangements work). The work is likely to take into account changes driven by, for example, the EU Network Code on Balancing, local balancing markets, demand side response and other smart grid driven market innovations.</p>

	<p>This has the potential to create significant interaction and impact on the BSC arrangements as work progresses to address some of the challenges that the trading arrangements will face to remain fit for purpose and adapt to the changes triggered by government policy, EU reforms and market trends. BSCCo is likely to be required to play a key role in this – by supporting the group, contributing to industry-wide discussions, providing support during the development of solutions and implementing subsequent changes.</p>
<p>Competition Markets Authority investigation into the energy industry</p>	<p>The CMA has published its provisional findings and notice of possible remedies, to which the BSC Panel and BSCCo have written responses. The CMA may hold subsequent hearings or request additional information ahead of publishing its final findings in 2016. Following this, BSCCo and the BSC Panel will be in a position to assess the final remedies, prioritise actions and determine an appropriate set of work streams to progress the CMA’s findings. Potential BSC impacts include:</p> <ul style="list-style-type: none"> • introduction of locational pricing for transmission losses • increased focus on introduction of a cost-effective HH settlement of domestic electricity meters; and • potential for code administration to become a licensable activity.
<p>Moving towards full HH Settlement</p>	<p>Through the Settlement Reform Advisory Group (SRAG) we are developing proposals to enable greater use of Half hourly settlement through an elective process, these can be delivered in the next year. In addition, from numerous discussions with the CMA, DECC and Ofgem we see the need to support the ambition to deliver on full HH Settlement, which is a key deliverable in the Government’s reset of energy policy. We will provide resources, analysis and expertise to Government and Ofgem to assist in delivering this ambition and will ensure we align the work of the Panel with any activity led by DECC and Ofgem.</p>
<p>Changing Risks and risk management</p>	<p>Changes in market design, including the introduction of Smart Metering and Electricity Market Reform, are likely to change the profile of risk across BSC Systems and Processes. It is important to ensure that appropriate assurance can be provided in relation to this changing risk profile. On behalf of the Panel, BSCCo will conduct a full review of the impacts of Smart Metering and EMR on the PAF.</p> <p>The Panel has also requested that budgetary provision should be made to ensure that BSCCo has the capability to</p>

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	scale up activity to address any errors that may occur as a result of these changing risks (with a particular focus on risk-management post-Smart rollout).
BSCCo and BSC Panel governance	We will conclude work begun in response to the Knight report to simplify and improve both the BSCCo and BSC Panel governance arrangements to ensure efficiency and provide clear accountability. Outputs will include: <ul style="list-style-type: none"> • agreed accountability; • agreed working practices of a pro-active Panel/Panel Committees; and • new reporting on change and the activities of Panel Committees.
Review of market entry and exit arrangements	The BSC Panel has identified a need to review the current market entry and exit arrangements. The review will consider whether the current arrangements are fit for purpose, reflective of working practices and whether they encourage and enable competition within the market, particularly within the context of non-traditional business models.

Capability: Invest in our people for the benefit of the industry

Our most important asset is our people. It's a belief not only acknowledged by our management team – but also by our customers. Our customer survey results consistently show that we're regarded as expert and professional. We're proud that BSC Parties, prospective industry players, DECC and Ofgem regularly request our advice on the detailed workings of the market arrangements. In addition, many overseas regulatory bodies seek our guidance.

We want to continue to be viewed as an expert in our field and to do this we must maintain the right mix of skills, capability and knowledge to deliver the standards of service our customers expect.

We'll achieve this through a balance of retaining our existing expertise while recruiting and training talented new colleagues. We'll invest in our colleagues and develop their skills through individual, job-specific training, coaching and mentoring as well as corporate training initiatives and technical training sessions provided by subject matter experts. We're also piloting a colleague exchange/secondment programme with one of our customers.

We'll continue to ask our customers' view of the service our people provide – and respond to what they tell us; and we'll ask our people what they think through our annual staff survey. It provides us with valuable feedback and suggestions that we use to develop our approach to staff engagement and to retain our position as an employer of choice.

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BUDGET SECTION

To be provided by finance

BSCCO BOARD AND EXECUTIVE

Insert photos and biographies of Board and Exec members.

WE WANT YOUR FEEDBACK: HOW TO RESPOND

We want your feedback on the aims and initiatives described in this plan. The BSC Panel and BSCCo Board will take account of our stakeholders' views in the final Business Plan which will be agreed and issued before 1 April 2016.

Please provide your comments on the Business Plan to communications@elexon.co.uk by 15 January 2016. If you have any questions please contact Mark Bygraves at mark.bygraves@elexon.co.uk or 020 7380 4137.

WANT TO KNOW MORE ABOUT OR HOW TO GET INVOLVED WITH THE BSC?

Visit us at www.elexon.co.uk or contact your Operational Support Manager.