

Public

BSCCo Business Plan 2019/20
Draft Business Plan
Opportunity to comment

Webinar

15 January 2019

ELEXON

Welcome and Introductions

ELEXON's presenters:



Mark Bygraves
Chief Executive Officer



Angela Love
Director of Strategy and
Communications



Peter Stanley
Director of Design and
Delivery

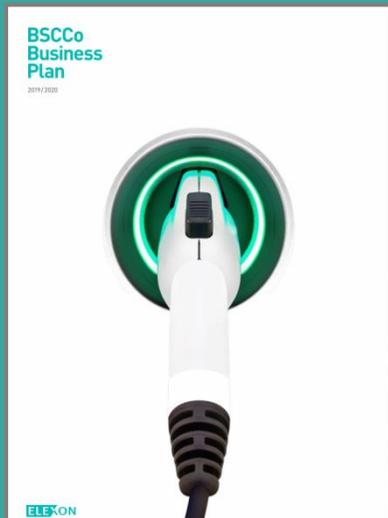


Nigel Smith
Chief Financial Officer

Notes to participants:

- You may submit questions at any time through the 'Questions' facility
- We will answer questions at the end of the webinar. We will follow up with answers if there is not enough time to answer all questions.
- The draft Business Plan is available on our website: <https://www.elexon.co.uk/news/review-2019-2020-draft-business-plan/>

What we aim to achieve



“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”

We value your opinion:

- ❑ The draft Business Plan is available on our website: <https://www.elexon.co.uk/news/review-2019-2020-draft-business-plan/>
- ❑ The opportunity to comment is open until 21 January 2019
- ❑ Please send your responses and comments to the Communications team at communications@elexon.co.uk

We are seeking views on:

- ✓ Strategic priorities and ambition for 2019/20
- ✓ Outcomes that we aim to achieve for our customers and end consumers
- ✓ Financial forecasts

What we will cover today

- 1 Background and context**
- 2 Principles for developing the business plan**
- 3 Building on service excellence -2019/2020**
- 4 Budget**
- 5 Next steps**
- 6 Questions**

Background and context

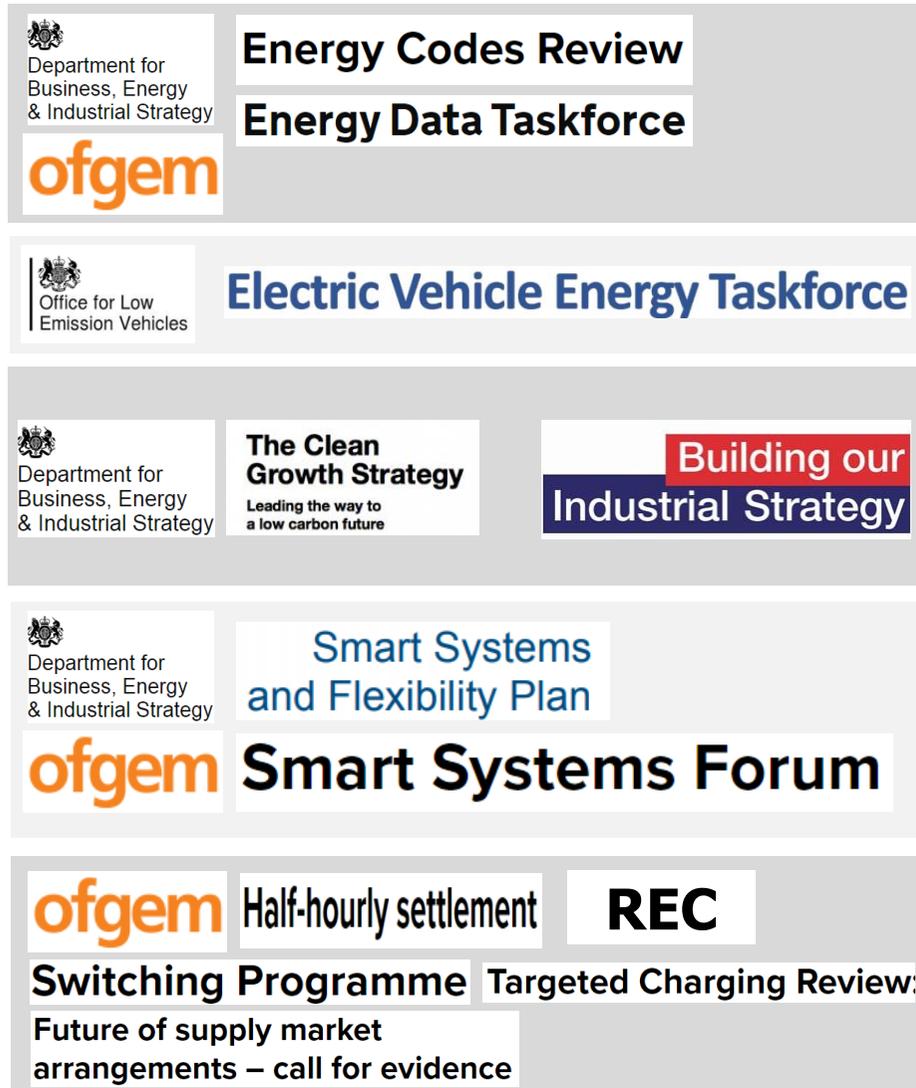
All parts of the industry have changed...



- ✓ Increases in embedded generation
- ✓ Growth in the number of suppliers
- ✓ Government intervention and price caps; faster switching programme
- ✓ European standardisation
- ✓ Smart meter roll-out
- ✓ New role for DNO transforming into DSO
- ✓ Expanding range of market participants
- ✓ Value assigned to flexibility
- ✓ New technologies and solutions (e.g. storage, V2G, peer-to-peer trading, etc.)

... and will continue changing.

Policy and regulation focus



Principles for developing the Business Plan



Business as Usual (BAU) - Continued focus and priority on effective and efficient delivery of existing operations



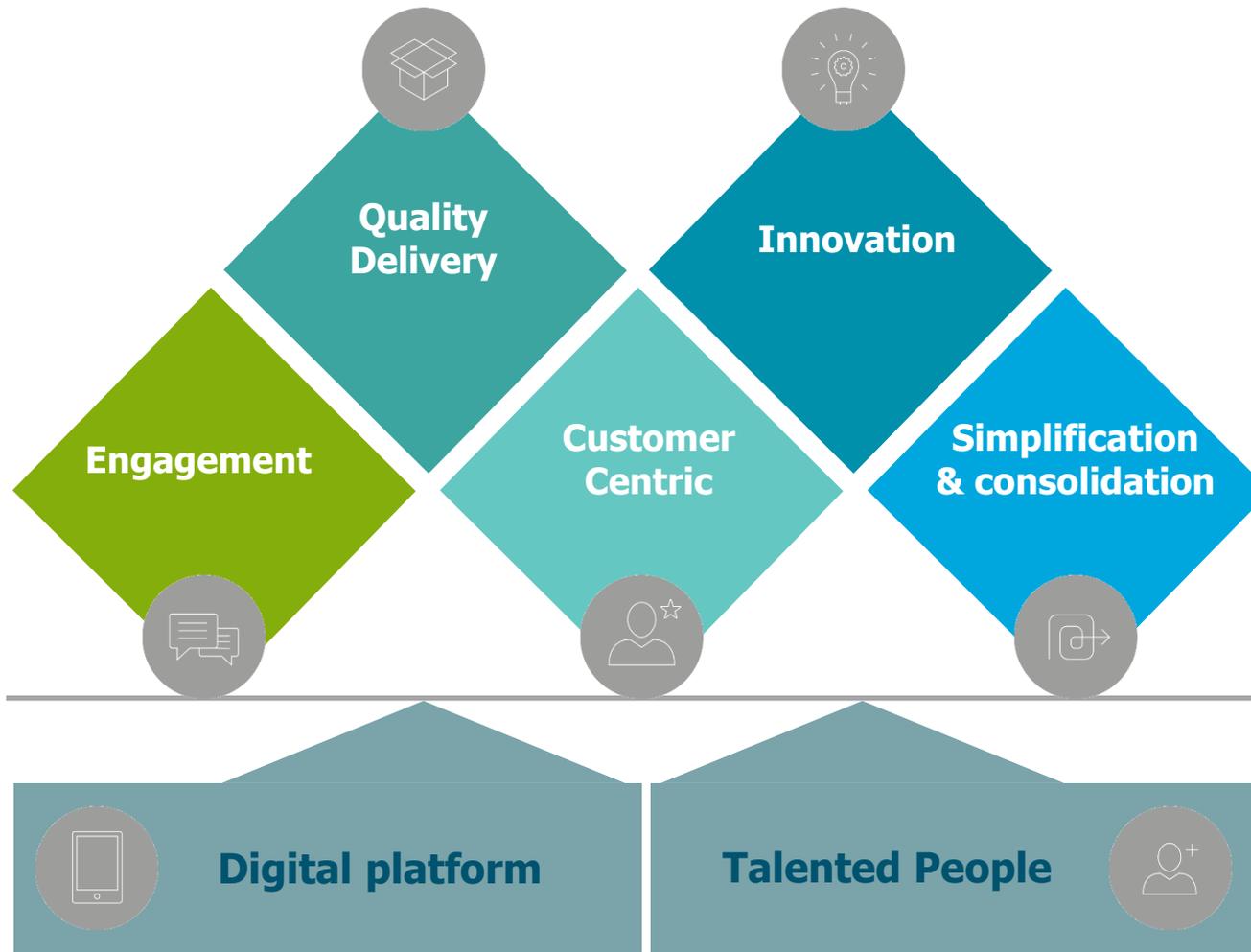
Proactive contribution to the core BEIS/Ofgem initiatives on future market design



Focused efforts to support innovation and new business models

Our overall strategic intent is to enable a timely transition to a smart and flexible energy system

Springboard to Enduring Service Excellence



“We will focus on performing above your expectations to deliver the high levels of service you have come to expect from us”

Note: BSC activities only. ELEXON applies its expertise to the processing of EMR CFD and Capacity Market payments for LCCC and ESC respectively. All associated activities, costs and liabilities are ring fenced and deliberately excluded from this BSCCo Business Plan and budget although the activity bears its share of fixed costs (e.g. office etc.), defraying nearly £3.5m of such costs to date, which would otherwise have been paid by BSC Parties. However, this service is currently being reviewed by LCCC/ESC.

**Pages 26-27
of the draft
Business
Plan**





86%

are satisfied with ELEXON's service, nearly 50% are very satisfied.

Ofgem's Code administrators' performance survey, 2018



BSC Electricity Market Sandbox



Multiple energy provider white paper



Digital market management



Energy Codes Review

We believe that greater alignment and even consolidation of central code services is possible, bringing the 'whole systems' approach to life across the gas and electricity codes.



Helping BSC Parties operate efficiently



Regular communication touchpoints



Guiding BSC Parties through market change



Market entry support



Quality delivery



Innovation



Simplification & consolidation



Customer centric



Engagement

"We will lead, drive and deliver new opportunities for customers and industry participants in markets that weren't previously open to them"

Pages 28-39 of the draft Business Plan





Talented people



INVESTORS
IN PEOPLE

Silver
Until 2021

1 Building on our end-to-end service capabilities

2 Developing and retaining talent

3 Maintaining our Investor in People status

4 Knowledge sharing and transfer



**Code
Management**



**Code
Operation**



**New policy
Support**

**Developing
our end-to-
end service
capabilities
to enable
industry to
benefit from
our
experience**

Pages 42-43
of the draft
Business
Plan





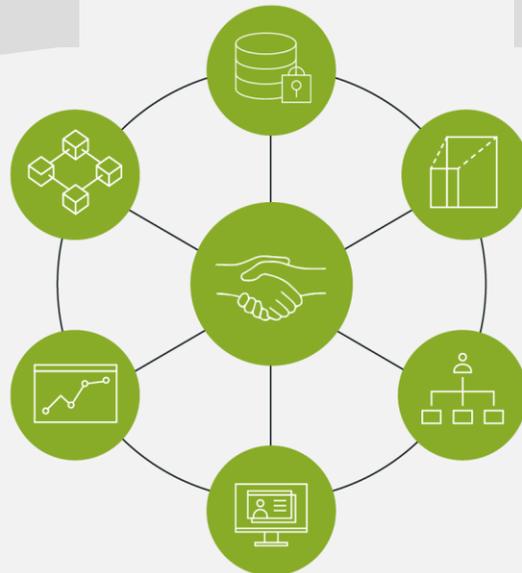
Digital platform

1 Foundation architecture: Data and services platform

2 Foundation architecture: Party Management Platform

Benefits to existing and new market participants

- Improved customer experience
- Faster, digital registration
- Unified customer portal
- Real-time analytics and insight
- Easy integration with other data sources through APIs



Benefits to central services utilised by all market participants

- Data available for analysis (open data principle)
- Scalable and flexible solution for future changes
- Faster, automated processes
- Secure by design
- Opportunity to use emerging technologies (Blockchain, AI, IoT)

Creating a digital platform to meet the changing energy market needs

Pages 40-41 of the draft Business Plan



£53.2m Budget to deliver the 2019/2020 Business Plan vs £43.6m for 2018/2019

	Increase from 2018/19 to 2019/20 (£)
1 System Strategy - The Foundation Architecture	4.5m
2 Contracted Costs	2.7m
3 Operational Costs	1.7m
4 Demand-led Costs	0.7m

System Strategy

- Additional costs expected to further the development of central systems to the new platform

Contracted Costs

- Additional costs whilst we parallel run on legacy and new platform in the interim. Also expected increased DTN costs

Operational Costs: Increase in BAU activities

- Proportionate rise in trading disputes, credit defaults, number and complexity of modifications

Demand-led Costs: Responding to the ongoing and upcoming industry changes

- Support to the industry-wide initiatives such as MWHHS, BSC Sandbox and new taskforces and initiatives (e.g. Energy Code Review, Energy Data Taskforce, etc.)

Note: BSCCo (ELEXON) is not-for-profit, meaning that we do not carry any reserves or retained capital. Budgeting for uncertainty with no access to working capital requires careful consideration. Any underspend against budget is returned to the BSC Parties. We make our best effort to balance challenging financial targets to ensure delivery of best value for BSC Parties with the need to address possible contingencies.



Industry feedback gathered and collated

Until 21 Jan 2019

Industry feedback presented to Board

6 Feb 2019

Board approval of Business Plan

6 Mar 2019

Business Plan is effective

From 1 Apr 2019



Comments/questions

communications@elexon.co.uk

by 21 January 2019