
ELEXON Response to Council of European Energy Regulators' consultation on their 2011 Work Programme

Notes:

The consultation took the form of an online questionnaire. We have extracted the answers we gave online and repeated them here, along with the questions. Where ELEXON did not respond to a particular question, that question is not recorded in this document.

A How do you assess our general approach and objectives?

ELEXON's response:

This is ELEXON Limited's response to the consultation on the European Regulators' 2011 Work Programme. ELEXON is the Balancing and Settlement Code (BSC) administrator for England, Scotland and Wales. We operate the imbalance settlement arrangements for wholesale electricity in this part of the European Union.

ELEXON believes the approach and objectives to be appropriate. We particularly welcome transparency in the development processes for pan European energy markets and welcome early engagement of CEER with stakeholders. On one specific point we suggest that the planned workshops permit electronic (webinar) participation if they don't already do so, to allow more parties to actively participate. It can be difficult for those who would have further to travel, and electronic participation reduces costs in both time and money as no travelling or accommodation is involved.

B Do you consider that the deliverables we have proposed in their entirety appropriately address and cover the key objectives?

B1 Regarding key area 1: 3rd Package implementation

ELEXON's response:

It is important in developing and implementing the Framework Guidelines that there is full consultation (both formal and informal) with all stakeholders who will be impacted (for example, small generators required to submit operational metering data under the Electricity Data Transparency Guideline) or who would have insights into any specific national issues in implementation. There should be extra effort to seek the views of those who are not currently directly represented at the Florence Forum for example.

B2 **Regarding key area 2: Security of supply & infrastructure issues**

ELEXON's response:

In relation to smart grids and smart meters, it is crucial that national and European approaches are consistent at all times, for example the roll out of smart metering in the GB market is being actively pursued. It is important that pan European requirements that may impact this are identified and confirmed or otherwise as early as possible to avoid disruption.

B3 **Regarding key area 3: Affordability and consumer issues**

ELEXON's response:

See our answer to key area 2 on smart metering.

C **On the individual deliverables in chapter 5**

C3 **CEER Advice on the take-off of a demand response electricity market with smart meters**

Within the greater framework of progress on smart metering, this CEER Advice will particularly focus on the roles for DSOs vs competitive players regarding customer services offered through smart meters; and balancing and settlement arrangements that could incentivise suppliers to make develop time of use offers to customers.

ELEXON's response:

We will participate in the workshop and public consultation.

As Balancing and Settlement Code administrator for electricity in Great Britain, ELEXON is particularly keen to participate in the workshop and consultations on this topic. We believe we have insights into some of the changes that could be made to enable suppliers to incentivise demand side management by their customers. In order to make it as easy as possible to participate from a travelling time and cost perspective we would ask that the workshop includes participation via the intranet (webinar) technology.

C4

CEER Guidelines of Good Practice on retail market design, with a focus on supplier switching and billing

Depending on the conclusions of the 3rd Citizen Energy Forum in London, CEER will embark on follow-up activities to the Retail Market Design report presented by the EC. The GGP will address the roles and responsibilities of market players, including the DSOs role as neutral market facilitators.

ELEXON's response:

We will participate in the workshop and public consultation.

As a neutral party involved in the process for customer switching (Balancing and Settlement Code administrator for electricity in Great Britain), ELEXON is particularly keen to work with others to improve the customer switching experience for both customers and their suppliers. We repeat our comment on travelling to the workshops: that in order to make it as easy as possible to participate from a travelling time and cost perspective we would ask that the workshop includes participation via the intranet (webinar) technology.

C6

CEER Status Review of regulatory approaches to smart grids

Progress in smart grids deployment will be continuous learning process. A Status Review among Member States will support this learning phase. The report will cover the current state of play in "smart" technologies across European grids as well as select and quantify a few promising performance indicators and grid output measures.

ELEXON's response:

See our comment in B2 above

C8

CEER Advice on the implications of non-harmonised renewable support schemes

We expect substantial increases in renewable generation driven by support schemes; the CEER Advice will analyse the implications of support schemes for renewables that differ across Member States in type and value. Differences could impact on the location of generation, on markets and competition, and on networks.

ELEXON's response:

We will participate in the public consultation.

As an experienced imbalance settlement administrator ELEXON is well placed to administer renewable generation support schemes and to highlight possible

interactions between these schemes and the GB electricity market mechanisms.

C9 **CEER Guidelines of Good Practice on generation adequacy treatment in electricity**

The GGP will provide the European energy regulators' views on generation adequacy and how generation adequacy needs to be addressed in the European Internal Electricity Market. Moreover, the GGP should serve as the basis for any future discussions and considerations of respective legislative measures in the EU and/or Member States in relation to generation adequacy treatment.

ELEXON's response:

Although no formal consultations or workshops are planned with stakeholders, ELEXON personnel have experience of working with capacity payment schemes. And we are willing and able to contribute to discussions on such schemes, what we believe should be included in them and what not to include (for example, complex and arbitrary rules to measure generation availability on an hourly or half hourly basis). As we said in answer to question C8, we are also well placed to highlight possible interactions between these schemes and the GB electricity market mechanisms if asked to contribute.

C11 **CEER Advice on wholesale trading licenses**

CEER will develop its Advice from a 2010 study on existing national wholesale trading licensing requirements and possibilities for a single European trading passport.

ELEXON's response:

We will participate in the public consultation.

ELEXON notes as GB electricity Balancing and Settlement Code (BSC) administrator that trading parties trading in GB are likely to desire that their energy contracts can be accounted for in BSC settlement. For this to happen they will either need to be a BSC Party or be represented by a BSC Party. Current GB licensing requirements also require that licensed generators and suppliers must accede to the BSC and become BSC Parties. The development of a single European trading passport will need to consider these requirements.