

# Consultation Response

SENT BY EMAIL TO: GB.Markets@ofgem.gov.uk

24 January 2012

Jamie Black

GB Markets

Ofgem

9 Millbank

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Dear Mr Black,

## **ELEXON's response to "Electricity cash-out issues paper"**

We welcome the opportunity to respond to the above consultation.

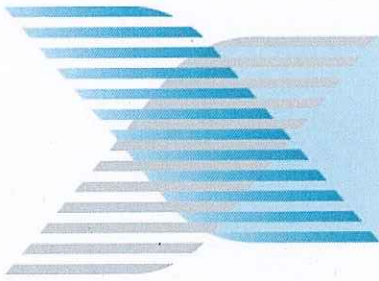
The cash-out arrangements are a significant component of the wholesale electricity trading arrangements and sitting within the BSC, ELEXON has extensive experience in the pricing arrangements.

As the body that calculates, stores and reports on the data items that make up the imbalance price calculation we're uniquely placed to provide the support and data analysis services that will be required, should Ofgem decide that an SCR should progress; this is consistent with the role that ELEXON has performed in the past. ELEXON remains ready to provide this support to Ofgem and the industry for a future SCR.

On the majority of the consultation questions themselves, we believe it is not appropriate for ELEXON to comment as those questions relate to the principles with which any cash-out regime should align rather than the implementation of any changes.

However, consultation questions 2 and 3 relate to the timing of any SCR and we have an observation on this. We recognise that Electricity Market Reform, an SCR and various European developments could all result in changes to the GB cash-out arrangements. Where it is possible to do so, it would be best (from a cost perspective for the industry) if we could avoid short periods with one set of cash-out arrangements that were rapidly replaced by a succeeding set. However, we do realise that the different policy timescales in Europe and GB may not always make this possible.

Finally, I would note that ELEXON has had over ten years' experience of implementing and operating various cash-out arrangements and are ready to implement whatever changes are required.



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In the meantime, if you or your colleagues need anything further from ELEXON, please contact Steve Wilkin on 020 7380 4253 or by email: [steve.wilkin@elexon.co.uk](mailto:steve.wilkin@elexon.co.uk).

Yours sincerely

Peter Haigh  
Chief Executive