

By email to: emroperationalcosts@decc.gsi.gov.uk

EMR Operational Cost Consultation
Joshua Atkins, Area 4A
3 Whitehall Place
London
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24 April 2014

ELEXON LTD'S RESPONSE TO DECC'S CONSULTATION ON CFD COUNTERPARTY AND ELECTRICITY SETTLEMENTS COMPANY OPERATIONAL COSTS 2014/15

Dear Mr Atkins,

We welcome the opportunity to respond to the above consultation.

What is ELEXON Ltd's role?

As noted in the consultation document, the payment and settlement functions for both central EMR bodies will be contracted from a subsidiary of ELEXON Ltd following its designation by the Secretary of State as the EMR Settlement Services Provider. The CFD Counterparty and the Electricity Settlements Company will retain overall responsibility and accountability for these functions.

And ELEXON Ltd in its other role delivers the centrally-mandated electricity settlement services that are critical to the successful operation of Great Britain's electricity trading arrangements under the Balancing and Settlement Code (BSC). As part of this we administer the settlement of the GB Balancing Mechanism and GB imbalance settlement for generators and suppliers in respect of each half hour of each day. We are independent of any specific interests within the electricity sector.

Our response to this consultation

We have one comment in response to this consultation.

Footnote 3 of this consultation notes that the central body previously known as the Capacity Market Settlement Body was renamed as "The Electricity Settlements Company" when it was incorporated on 26 March 2014.

We are concerned that this new name, Electricity Settlements Company Ltd, will cause confusion amongst GB electricity industry users generally and also amongst EMR participants, not only in GB but also in other jurisdictions if the Capacity Market is extended outside GB.

It is our belief, borne out by discussions with industry, that most of the GB electricity sector would say that the electricity settlements company (in everyday speech) equates to ELEXON Ltd in its role as the BSCCo, being the company responsible for electricity settlement, in accordance with the Balancing and Settlement Code which we administer.

It is acknowledged that our electricity industry, with its plethora of central bodies and different Codes, can be confusing for industry users, particularly for the smaller companies and new entrants that the Government and Ofgem are keen to attract. It would be unfortunate if EMR increased that confusion through the choice of a company name that could easily be misleading.

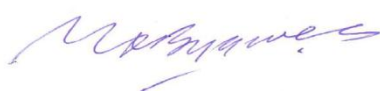
Even "EMR Settlements" (as opposed to "Electricity Settlements") would in our view confuse the roles of the Capacity Market Settlements Body, the CFD Counterparty and us as the Settlement Service Provider for both aspects of EMR, and ignore the remainder of the key functions beyond settlement for which the Capacity Market Settlements Body is responsible.

We appreciate names can be emotional matters but our objective is to simply avoid confusing existing and new entrants in the market.

In conclusion

If you would like to discuss this response further, please do not hesitate to contact me on 020 7380 4137, or by email at mark.bygraves@elexon.co.uk .

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Mark Bygraves".

Mark Bygraves

Director of Strategy & Development