

By email to sustainable.energy@ofgem.gov.uk

Dr Jeffrey Hardy
Consumers and Sustainability
Ofgem
9 Millbank
London SW1 3GE

19 May 2015

Dear Sir,

**ELEXON's response to Ofgem's consultation on Non-traditional business models:
Supporting transformative change in the energy market**

We welcome the opportunity to respond to this consultation that is helping to engage with Non-traditional business models wanting to enter the energy market. ELEXON is the not for profit body established to manage the British electricity settlement arrangements as set out in the Balancing and Settlement Code (BSC). In addition we are the Settlement Agent responsible for the Electricity Market Reform, Contracts for Difference and Capacity Mechanism arrangements.

In keeping with our mission to deliver the BSC arrangements efficiently, effectively and economically, ELEXON is continuing to support initiatives already related to this area such as the Smart Grid Forum, Licence Lite and the Local Supply Working Group. ELEXON will continue to examine options to promote participation in the market through arrangements such as 'local netting'. Solutions that we are reviewing include changes to the BSC to facilitate Local Balancing Mechanism Units or Local Trading Units and alternative aggregation models such as the Balancing Group concept employed in continental Europe.

At this stage of the consultation ELEXON feels that the discussion paper sets out a clear picture of Non-traditional business models and that we have little information to add but are happy to contribute in future workgroups and consultations on the matter.

ELEXON would like to confirm that we are willing to facilitate and work with new business models looking to enter the electricity industry to the extent that the BSC, by which we are governed, enables us to do so and, if Ofgem approves changes to the BSC to enable new business models, we will work to implement those changes.

ELEXON will actively continue to support Ofgem and the industry by leveraging our expertise in governance, system design, procurement and provision of assurance services wherever necessary.

Yours sincerely,

Tom Walklate
Operational Support Manager