

By e-mail to: [energymarket@cma.gsi.gov.uk](mailto:energymarket@cma.gsi.gov.uk)

Will Fletcher  
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Competition and Markets Authority  
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18 September 2015

Dear Will,

**ELEXON's comments on the CMA's notice regarding assessment methodology for losses remedy**

In our response to the CMA's provisional findings we noted that consequential amendments to the BSC may need to be made to introduce a cost-reflective charging mechanism, for example, in the form of variable Transmission Loss Factors (TLFs) that vary by season and by zone.

Depending upon the solution to be adopted these changes may be large or small. Consequently, we believe it is important that ELEXON is able to provide input to the proposed scenarios and analysis.

As recognised by the CMA, extensive analysis on locational prices for transmission losses has been conducted under a series of BSC Modifications (most recently [Modification Proposal P229 'Introduction of a seasonal Zonal Transmission Losses scheme'](#)). In our response, we welcomed the CMA's observations that this analysis was comprehensive and robust.

In the event that remedy 1 is progressed and that this progression is via a BSC Modification, we will provide support to the development and assessment of any such BSC Modification Proposals in the usual, impartial, way. However, we encourage the CMA to ensure that any work being performed under its proposed cost-benefit analysis be able to be made available to any subsequent Modification Workgroups (should this route be adopted) in order to minimise the risk of duplication of effort when considering the details of any proposed solution under the BSC.

The views expressed in this response are those of ELEXON Ltd, and do not seek to represent those of the BSC Panel or Parties to the BSC.

We would be happy to discuss our comments and will continue to support the CMA in its work. If you would like to discuss any areas of our response please contact Adam Richardson, Senior Market Advisor, on 020 7380 4117, or by e-mail at [adam.richardson@elexon.co.uk](mailto:adam.richardson@elexon.co.uk).

Yours sincerely,

Mark Bygraves  
Chief Executive, ELEXON