

10 February 2017

ELEXON's comments on the National Infrastructure Commission's Report - The Impact of Technological Change on Future Infrastructure Supply and Demand.

We welcome the opportunity to comment on the National Infrastructure Commission's report, The Impact of Technological Change on Future Infrastructure Supply and Demand.

ELEXON is the code manager for the Balancing and Settlement Code (BSC). We are responsible for managing the electricity balancing and settlement arrangements as set out in the BSC. We are also the body responsible for the delivery of settlement systems and processes. We manage the development and implementation of changes to BSC Agent (central) systems and processes. Electricity settlement is the process of reconciling the difference between the energy contracted by suppliers from generators and the actual electricity consumed and generated by suppliers and generators.

ELEXON is a not for profit organisation, our costs are passed directly on to the BSC parties which enables us to operate independently. Our delivery of impartial services to the industry is underpinned by our not for profit status and our ownership structure (which mitigates the risk of undue influence by electricity suppliers or generators both collectively and individually). Such impartiality is particularly important in relation to the assessment and implementation of change.

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.

Energy Infrastructure and Technological Change

There are new technologies in the energy sector that offer faster, better quality information and flexibility in the way energy is generated and consumed, including smart metering, electric vehicles and battery storage. The electricity industry is considering the changes required to facilitate these technologies, for example through Ofgem's consultation on Mandatory Half Hourly Settlements and the Department for Business, Energy and Industrial Strategy's (BEIS's) call for evidence on Smart, Flexible Energy Systems. ELEXON is undertaking activities in order to ensure we continue to deliver the best services and systems to consumers and industry. We have highlighted some examples of these activities below.

Smart meters offer the ability to remotely receive more granular information on energy use and, as well as enhancing the customer experience, are key to reforming settlement processes (this in turn facilitates innovation in service offerings to consumers). ELEXON have already lead changes that enable the elective use of half hourly data for settlements. We have also provided our views in [our response](#) to Ofgem's Consultation on Mandatory Half-Hourly Settlement: aims and timetable for reform.

Electric vehicles (EVs) will also drive changes in the energy industry. In [our response](#) the Department of Transport consultation on ultra low emission vehicles (ULEV) measures for inclusion in the Modern Transport Bill we identified that there are future system requirements and new solutions that can facilitate the better integration of EVs. We are investigating amending existing arrangements to allow for electricity to be metered on a 'moveable meter' that is part of the EV charging cable.

As identified in BEIS's call for evidence on Smart, Flexible Energy Systems there are currently policy and regulatory barriers to the inclusion of energy storage in the electricity market. In [our response](#) we outline how we currently support discussion with storage providers and energy market participants on the development of electricity storage. We advise on how settlement can support new technologies and to identify where changes may be required to the Balancing and Settlement Code (BSC).

ELEXON will continue to actively participate and engage with Ofgem, BEIS and industry on new technologies and future energy markets.

Streamlined industry strategy and policy

In light of the new technology and industry changes in the energy industry, ELEXON considers that it is important to link energy and infrastructure strategy and policy. The work of BEIS, the National Infrastructure Commission and Ofgem are all interlinked and ensuring cohesion between them is the best way to ensuring there is clarity for the industry about the high level direction of change.

BEIS has recently published their Industrial Strategy green paper which sets out 10 pillars for industry, which will impact the National Infrastructure Assessment. The Secretary of State also provides Strategy and Policy Statement (SPS) which drive industry and infrastructure decisions. We would encourage that the National Infrastructure Commission coordinate with BEIS and the Secretary of State on the links between their work and the National Infrastructure Assessment.

Ofgem is intending to provide a strategic direction by December 2017 which sets out what it believes the energy industry needs to focus and which market developments and changes should be prioritised to deliver on any BEIS direction and benefits for consumers. Ensuring there is coordination across government strategies will provide clarity to the market which will lead to more efficiency market development and long term infrastructure decisions.

If you would like to discuss our response further please do not hesitate to contact me on 020 7380 4364 or by e-mail at Justin.Andrews@elexon.co.uk.

Yours sincerely,

Justin Andrews

Head of Design Authority