

PRESS RELEASE: ELEXON WELCOMES THE GOVERNMENT'S SMART SYSTEMS AND FLEXIBILITY PLAN

- Government announces plans for Upgrading the Energy System
- ELEXON to lead on developing Target Operating Model for Half Hourly Settlement
- Call for further reforms to allow greater access to the Balancing Mechanism to accompany existing proposals

ELEXON welcomes the announcement from the Government setting out its [Smart Systems and Flexibility Plan](#). The plan combines a number of actions that will pave the way for innovation and new services for consumers.

Facilitating greater flexibility in the energy system will include changes to encourage greater contributions from storage and demand-side response. This will involve creating the right environment to allow aggregators to participate in energy markets and the development of Half Hourly Settlement arrangements to allow the full benefit of innovative services and tariffs to be realised.

In parallel Ofgem has published its [Significant Code Review Launch Statement](#) for Electricity Settlement Reform and an [open letter](#) inviting proposals to be brought forward to facilitate greater access to the Balancing Mechanism (BM) for demand side participants.

Ofgem proposes that ELEXON lead the design work to develop the Target Operating Model for Half Hourly Settlement. We are pleased that Ofgem has taken this approach, following ELEXON's offer to lead the design work using an expert group to develop the Target Operating Model.

ELEXON are currently progressing two changes that seek to increase participation in the BM. However, ELEXON also welcomes discussions with potential proposers of changes relating to providing greater access to the BM.

ELEXON Chief Executive, Mark Bygraves, has said 'I'm delighted that Ofgem has recognised our expertise in half-hourly settlements and with our independent market expertise, we look forward to working with industry experts in the Design Working Group and more widely to develop and deliver a recommended Target Operating Model to Ofgem for approval. As subject matter experts are well placed to help deliver the benefits arising from the smart systems and flexibility plan.'

END

Notes to editors:

- Under Ofgem's Significant Code review, Ofgem is seeking feedback on both the proposed approach and expressions of interest for the Design Working Group by 1 September 2017.
- Two Modifications to the Balancing and Settlement Code (BSC) are currently under assessment. If approved they could increase access to the BM
- [Modification P344](#) seeks to align the BSC with the European Balancing Project TERRE (Trans European Replacement Reserves Exchange) requirements. This is in order to allow the implementation of the project at national level and be compliant with the first tranche of obligations in the European Network Codes. This includes consideration of how independent aggregators can be accommodated
- [Modification P355](#) seeks to introduce a new BM Lite classification to allow smaller generators to offer energy to the System Operator for energy balancing, in competition with the larger BM Units already in the market.

About ELEXON

ELEXON is a Code Manager at the core of the electricity market. We take great pride in our work and are a trusted member of the energy industry with the highest satisfaction scores of any of the code managers.

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Over the last 17 years, ELEXON has operated as a not-for-profit organisation. We have exemplary and increasing customer satisfaction ratings from industry, especially new market entrants, with 2016 seeing the highest ratings on record. In addition to managing the Balancing and Settlement Code (BSC), which governs this crucial part of the energy infrastructure (and to which around 400 organisations are signatories), and managing payments under the Electricity Market Reform (EMR) arrangements for Contracts for Difference and the Capacity Market, we provide free independent consultancy to government, Ofgem and BSC Parties large and small and assist with policy development more broadly. We have supported 65 new competitors entering the market in 2016/17.

For more information contact:

Kate Norton Head of Communications

Tel: 020 7380 4105

kate.norton@elexon.co.uk