



BY EMAIL

27 October 2010

Mrs Fay Geitona  
European Regulators' Group for Electricity and Gas  
Council of European Energy Regulators ASBL  
28 rue le Titien  
1000 Bruxelles

Dear Mrs Geitona,

This is ELEXON Limited's response to the ERGEG consultation on "Draft Comitology Guideline on Fundamental Electricity Data Transparency".

### **What is ELEXON's interest in the draft Guideline?**

ELEXON is the Balancing and Settlement Code (BSC) administrator for England, Scotland and Wales. We operate the imbalance settlement arrangements for wholesale electricity in this part of the European Union<sup>1</sup>. As part of this we also govern two websites [www.bmreports.com](http://www.bmreports.com) and the [ELEXON Portal](#) that publish much market information, including some of the data being requested for the central European information platform.

Some of the data being requested under the draft Guideline, specifically some of the balancing data (Article 4.4 of the draft Guideline), is therefore under our governance. We are also currently supplying some BSC and operational data on behalf of the GB Transmission System Operator, National Grid, to ENTSO-E automatically from our systems.

### **Supplying the required data**

ELEXON strongly supports the concept of market transparency, which will benefit both end consumers and new entrants to our market.

Where the specified data is governed by the BSC, we will work with National Grid to supply that data. However, we also believe that it is important that local flexibility in the delivery of data to the central European information platform is maintained, so that the most efficient national arrangements are developed and implemented. For example, we believe that ELEXON will be best placed to act as market data manager on behalf of National Grid in supplying the required electricity data for our market, whether that is BSC data or non-BSC operational data. If this were agreed in discussion with our regulator, Ofgem, National Grid and industry parties, then we would receive data from generators, suppliers and National Grid and submit it to the central information platform.

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<sup>1</sup> More information on who we are and our role in the British electricity trading arrangements is set out in the attachment.

We are strongly of the view that the Guideline should set out the required data but that it should not constrain who delivers that data to the central platform on behalf of the Transmission System Operator. We have existing arrangements for the provision of data to a central European platform ([Entsoe.net](https://www.entsoe.net)) that can be enhanced to meet the requirements of the new Guideline and this will, we believe, be the most efficient solution. The Guideline should be drafted to allow for local discussion and local implementation of the most effective delivery mechanism of data from our market to the central European information platform.

Because the British imbalance arrangements use a different terminology from that used in the draft Guideline, we are not always able to interpret what precise data is being sought. We will work with the interested parties to define what specific BSC data is required in practice because we believe that the draft Guideline needs to be clarified within the context of our market place.

We have the following specific comments on this.

- Article 4.4.1.8 in the draft Guideline states that imbalance prices are to be provided “2 hours before the following procurement procedure”. This will not be possible in the context of the British imbalance arrangements which do not have separate procurement periods and also because imbalance prices are calculated on an indicative basis every half hour post-event. We understand that ENTSO-E is considering a definition that allows publication within 1 day post event and we would support this definition. We also need clarification of whether the prices need to be converted into Euros/MWh, as currently we operate in £/MWh.
- Article 4.4.1.10 in the draft Guideline relates to financial balance of the market. Part of the requirement of this Article is determined under our BSC arrangements, e.g. “payments resulting from imbalance pricing”. We would welcome further discussion as to what would be required in the context of the British market as we are not clear on the requirements of this point.

We agree that local platforms, e.g. our existing platforms, should be able to publish the same data as is published on the central information platform. However, as written Article 3.8 of the draft Guideline could prevent our existing publication of imbalance prices in local currency if the imbalance prices were published in Euros on the central platform. This would clearly be perverse and prevent the proper functioning of our market. The publication of equivalent data in local units should not be prevented.

No requirement is given for updating information already provided. Our market has the facility to update BSC imbalance settlement data, e.g. imbalance prices, for up to 14 months<sup>2</sup> (and beyond in certain circumstances). It would be helpful if the Guideline clarified whether and, if so, when updates are required to data already submitted.

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<sup>2</sup> The 14 month period is mainly to allow for new and revised meter readings for infrequently read meters to enter settlement and also for dispute resolution.

## **Our response to some of the specific consultation questions**

### Question 2 (What timescale is needed to implement the Comitology Guideline on Fundamental Electricity Data Transparency seen from your organisation's point of view?)

We suggest that the Guideline allows for a flexible timescale reflecting practical considerations in each member state.

For example, in the context of our market, the timetable to implementation will require the following steps to be carried out first:

- Detailed and clear definitions of the data required from our electricity market; and
- Discussion and agreement as to who should be responsible for supplying and building the systems to supply that data from our electricity market (as noted above we believe that ELEXON is best placed to undertake this), including implementation of any necessary legal and governance changes to GB Codes and licences. We would require a Modification to the BSC, which would require our regulator's approval.

Once we know what ELEXON's role will be, and the precise data we are required to supply, then we would plan to undertake our usual procedure to determine costs and timescales including asking those parties who would have to supply data to us what time they would need to revise their systems. Following this we will be able to construct a detailed plan and timetable for implementation which we will publicise in accordance with our normal system Release timetables.

At this stage it is too early to give a definitive answer on timescale to implementation in our market but we believe that at least 18 months' from the stage when the data requirements are finalised is realistic.

### Question 3 (Do you see a need for more firm specification of the role of each market participant in delivering transparency data to the TSO/information platform in the Comitology Guideline on Fundamental Electricity Data Transparency?); and Question 4 (Do you see a need for more firm specification of the role of the TSO in collecting data in the Comitology Guideline on Fundamental Electricity Data Transparency?)

We believe that there will need to be a clear description of the obligations on each market participant in delivering transparency data to the information platform but that this should not be rigidly defined in the Guideline. The Guideline should set out the requirements for data from each national electricity market (specifying what is required and at what frequency, consistent with local market arrangements). But the Guideline should then allow flexibility in how the obligations are delivered from each national market. The obligations setting out who delivers the data to the central platform are best developed and specified within each country's own market arrangements given the different electricity market framework in each country and the different developments taking place, for example the roll out of smart metering. For example, in Britain it would be best developed within the current licensing and codes regime and allow the most efficient national delivery mechanism to be implemented.

We believe that this will be ELEXON as market data manager – we would act as the conduit through which British data is passed to the central platform.

Question 7 (How do you see the costs and benefits of the proposed transparency framework for fundamental data in electricity? If possible, please provide qualitative and/or quantitative evidence on the costs and benefits or ideas about those.)

As noted above, ELEXON strongly supports the intent of the Electricity Data Transparency Guideline which we believe will assist end customers and new entrants in understanding the operation of their electricity markets.

When the precise data requirements have been clarified and finalised then, if it is agreed that we should fulfil the role of market data manager, we will be able to quantify our costs of providing the required data to the central platform.

As part of the costing and implementation, it will also be necessary to decide whether the data needs to be further processed by us or by the central information platform. For example, Article 2.4 appears to require that the data is time-stamped in Central European Time (CET). Our data is currently time-stamped in local UK time, so would need to be processed by us or by the central platform.

If we incur costs in developing and supplying the required data, under the current rules of the BSC for our cost recovery, these costs would fall on our customers, the BSC Parties (predominantly licensed electricity suppliers and generators).

Question 14 (The draft document proposes that actual unit by unit output for units equal to or greater than 10MW be updated real time as changes occur. Do you consider the 10MW threshold for generation appropriate?)

We note that these data are to be provided by generators in accordance with Article 4.3.1 of the draft Guideline. In which case, it would be appropriate for the affected generators to comment rather than us.

However, if we were to act as market data manager on behalf of National Grid, we would need to identify which generators would be providing the required data in order to establish communication links with them and create new ones as new generators appeared. We understand that our current licensing and Code arrangements may not allow National Grid to identify all the generators of less than 100MW capacity. Arrangements would need to be put in place to allow identification of smaller generators or the threshold in the Guideline should be raised to 100MW.

Question 16 (The transparency requirements on balancing have been widened....is the proposed list of data items sufficient – also taking into account the evolution towards cross-border balancing markets?)

As noted above, some of the balancing data specified is within the governance of the BSC. We will work with the operator of the central information platform and National Grid to supply the required data. However, we will need clarification of two of the Articles (4.4.1.8 and 4.4.1.10) as noted above.

We hope you find these comments helpful. We would wish to be involved in further discussion with you and other interested parties on the precise requirements and definitions before these are finalised, particularly as we will have to amend our systems to supply some of the data specified in the draft Guideline. I can be contacted on +44-20-7380-4253 or by email [steve.wilkin@elxon.co.uk](mailto:steve.wilkin@elxon.co.uk)

Yours sincerely

Steve Wilkin

Market Advisor

## **Attachment to our consultation response:**

### **About ELEXON**

ELEXON delivers balancing and settlement services critical to the successful operation of Great Britain's electricity trading arrangements under the Balancing and Settlement Code (BSC). We manage processes and systems from meter to bank, handle over £500 million of our customers' funds each year and interact with over 200 companies in the electricity industry. They, in turn, supply over 28 million customers.

As part of our role in ensuring that residential and business electricity settlement happens seamlessly, we are experts in procuring and managing contracts for the systems and processes we manage. We've implemented and developed one of Great Britain's largest energy industry codes, and continue to handle its day-to-day governance. We also enforce performance standards, targets and other obligations so our customers have confidence that the BSC works efficiently and fairly.

Over the past 10 years, we've managed extensive industry change: developing and introducing the NETA arrangements and rolling out the Balancing and Settlement Code into the Scottish market in 2005 (BETTA). We regularly review and re-procure our large contracts (worth over £226 million altogether), and constantly update the BSC. We are now perfectly placed to help the industry meet the challenges that it faces.

### **How is ELEXON looking to the future?**

We're consulting widely on Smart metering and Smart grids, looking at how any proposed changes may affect settlement and our customers, and proactively proposing solutions. We're also considering the impact of the low-carbon economy, and particularly the challenges that electrifying transport and relying more on renewable energy sources will bring.

### **For more information, contact:**

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