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The future ownership of Elexon
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Thank you for the opportunity to respond to the above consultation. This response is made on behalf of Uniper UK Ltd.

After consideration of the two options for the future ownership of Elexon, we consider that both options could be made to work, but on balance Elexon moving into industry ownership, subject to BEIS and Ofgem confirming that Elexon shareholders are not subject to any financial liabilities, might be the preferable option of the two. This option would seem to best ensure operational continuity and independence.

Our responses to the specific questions raised in the consultation are as follows:

1. Do you agree with the proposed criteria to determine the future ownership of Elexon? Please state why.

We agree with the criteria. Given Elexon's critical role in the operation of the electricity market, it is important that BAU operations are maintained with minimum disruption.

2. Do you agree that public ownership and industry ownership are the two most credible ownership options? In your view, are there any other ownership options that we should consider, and why?

Yes. We agree that public ownership and industry ownership are the two most credible ownership options. Our slight preference is for the industry ownership model. We explain our reasons for this in our response to question 4.

3. Do you agree with our stated preference of the potential combinations of BSC parties which could own Elexon if industry ownership were chosen? Please state why.

If the industry ownership approach were to be chosen, it would seem sensible for licensed funding parties to be the new shareholders.



4. To what extent do you agree with the above analysis of the two main ownership options, public ownership and industry ownership, and our preference for industry ownership?

On balance, we prefer the industry ownership approach. The analysis of criteria 1 and 2 appears sound in that neither would be a major disruption to the creation of the FSO, nor to Elexon's operations. As Elexon's funding and governance arrangements continue as outlined in the BSC for both ownership options, accountability to stakeholders is maintained. Industry ownership seems to best ensure that Elexon continues to function as an independent industry body and that its day-to-day operations are not inadvertently affected by any requirements placed on public bodies that are not strictly applicable to an organisation such as Elexon. Resilience to future change is not adversely influenced by either ownership model, assuming that change of ownership and code reform are not introduced at the same time.

5. To what extent do you agree with our proposal that Elexon should transfer temporarily into the public sector as a subsidiary of the FSO as a last resort, if industry ownership was chosen following consultation but could not be implemented without delaying the creation of the FSO? Please explain why.

While not ideal, as the temporary change will require the same Government classification and approvals process as a permanent move to public ownership, it is acceptable as a last resort option to avoid delays to the creation of the FSO.

6. Are any other changes required to implement either of the two ownership options?

None that we have identified.

7. What are your views on the proposed licence and code changes set out above?

The changes are more straightforward for the public ownership option. The processes associated with multiple shareholders, and particularly a fluctuating number of shareholders as parties accede or secede from the BSC, appear complex but are used elsewhere in other industry bodies. We would expect that the management of this shareholder position would be undertaken by Elexon as one of its formal duties.

8. Have we considered all relevant costs and benefits of these proposals? Please state why.

The cost and complexity of maintaining a registry of shareholders would be avoided if the simpler solution of the FSO as sole shareholder of Elexon is chosen.

Should you wish to discuss this further, please do not hesitate to contact me.

Yours faithfully

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