

Response ID ANON-Z1FM-TFGB-1

Submitted to The future ownership of Elexon
Submitted on 2022-09-21 12:40:10

About you

What is your name?

What is your name?:
Vincent Hammond

What is your organisation?

Organisation:
National Grid Ventures

What is your address?

Address:

35 Homer Road
Solihull
West Midlands
B91 3QJ

Respondent type

Large business (over 250 staff)

If Other please describe below:

Are you happy for your response to be published?

Yes

Consultation Questions

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

Disagree

Please state why.:

Criterion ~3 states that "the ownership structure of Elexon needs to preserve the ... independence of Elexon from any other specific organisation". NGV considers that this independence should be extended to 'specific TYPES of organisation' also, so that under an industry ownership model, there is not a narrow commonality of interest amongst owners that could be to the detriment of other categories of BSC parties.

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

Agree

In your view, are there any other ownership options that we should consider, and why?:

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.

Disagree

Please state why.:

NGV has reservations over the industry ownership model on the basis that whatever combination of BSC parties are in ownership there could be a conflict of interest, in terms of exerting influence over BSC policy that could be to the detriment of other BSC parties. On this basis NGV considers that the recommended option of 'Generators and 'Suppliers' is too narrow, and that the option of all licenced parties would be more favourable under the industry ownership model.
NGV has no further combinations of industry ownership to propose.

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?

Disagree

Comments regarding ownership options and our preference.:

NGV does not favour the industry ownership unless there is a sufficiently broad ownership structure such that undue influence could not be brought to bear on BSC policy. BEIS have indicated this same concern in relation to a single party private owner ("the level of influence of a private owner on Elexon would be at their discretion and they may expect a level of influence") and NGV considers that this same concern can be equally applied to the multi-party industry ownership model also.

Furthermore, under the industry ownership model, there could be continuous administration of ownership documentation, depending on the frequency by which parties enter/exit/merge/rename etc.

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.

Agree

Please explain why.:

Notwithstanding NGV's reservations to the industry ownership model, if industry ownership were to be adopted, then NGV would have no objections to temporary FSO-subsidary ownership in this scenario.

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

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

No other changes identified.

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

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

NGV agrees that licence and code changes would be needed, to varying degrees under the different options.

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

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

The consultation document acknowledges that there could be benefits to FSO becoming the Elexon owner. However potential drawbacks are pointed out namely risks of "interfering with ... Elexon's provision of essential services ... and ... with the creation of the FSO and the ESO/FSO's essential operations".

Given Elexon's independent operation the first of these risks should be low, and further commentary on how this risk would manifest would be useful.

And regarding this second risk, FSO ownership has been recommended as the fallback (temporary) option in the event that a transfer to industry ownership were to put at risk the FSO implementation. It is difficult therefore to see how the permanent option of FSO ownership would pose a risk to the creation of FSO and its operations, given that it is the proposed fallback from the more complex option.