

FSO@ofgem.gov.uk

02/10/2023

Dear Sir/Madam

Consultation on new electricity supply and generation licence conditions to implement new ownership arrangements for Elexon

I am writing on behalf of National Grid Electricity Distribution (South Wales) plc, National Grid Electricity Distribution (South West) plc, National Grid Electricity Distribution (East Midlands) plc and National Grid Electricity Distribution (West Midlands) plc in response to the above consultation.

This response is not confidential.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Rachael Prosser', written on a light blue background.

Rachael Prosser
National Change Manager

Consultation Response

Q1. Do you agree with our proposed approach to implementation, including our proposal for flexibility?

There is clarity provided in 3.6 for the actors involved, and the approach is well detailed. We appreciate the direction that 'there must be a clear line of accountability from the directed party to the designated party' which simultaneously allows for funding parties to have some flexibility in the management of their share.

Q2. Are there any other factors that we should consider to enable successful implementation?

In 3.1 it is written 'that after the initial transfer, licensed BSC funding parties would then have a voluntary option to request a share in Elexon. This would be subject to rules set out in the BSC, ... as set out in electricity supply and generation licences' – at which there is an assumption that an LDSO would not have the opportunity to request a share due to the exclusion of potential amendments to the distribution licence.

Whilst the implementation is covered, we would question the frequency of review of this cohort – as this is included within the consultation. We are unsure of the frequency, as different schedules are floated throughout the following sections. In 3.18 – Ofgem intend to provide transparency on the cohort – we would request that a frequency is committed to, rather than 'from time to time'. In section 3.14 – the shareholder cohort is to be reviewed on 'an ongoing basis'. We would also request that this is affirmed in section 3.25 where there is no intent to conduct scheduled reviews – we would flag that there should be scheduled reviews of the shareholders to ensure the legitimacy of the cohort.

Q3. Do you agree that the approach taken in the proposed licence condition serves the purpose required?

We agree that the approach serves the purpose, but whilst this is an amendment to only supply & generation licences we have no comments on the implementation as such.

Q4. Do you have any additional comments on the proposed licence condition?

We agree that the approach serves the purpose, but whilst this is an amendment to only supply & generation licences we have no comments on the implementation as such.