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value for all customers*

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Your Ref:
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17 March 2004

Dear Nick,

ELEXON Proposed Work Package 5.3

In accordance with the provisions of section C8 of the Balancing and Settlement Code ("BSC"), the Gas and Electricity Markets Authority ("the Authority")¹ has considered the ELEXON Limited ("ELEXON") proposal for BETTA Support Work set out in the Work Package numbered BETTA 5.3 (version 1.1).

Work Package BETTA

The Authority notes that the work statement contained therein provides for work on the take-on of data related to application of the BSC in Scotland and the subsequent testing of settlement data and trialling of settlement systems and that the work will be undertaken between 1 April 2004 and the date on which BETTA goes live, planned for April 2005 (subject to Royal Assent to the Energy Bill by July 2004). The Authority also understands that it is necessary for ELEXON to enter into contracts with BSC Agents for this work and that such contracts need to be signed before 1 April 2004 and that approval for this work package is therefore required before 1 April 2004 (nominally shown as 1 March 2004 on the work package). The Authority further understands that contracts entered into with BSC Agents will be for the collection and testing of data prior to and in preparation for BETTA go-live and will not related to any work subsequent to BETTA go-live.

The Authority has been advised that the work consists of the following broad components and has been provided with further detail of the work (beyond that shown in the work package), which it is unable to publish because of its confidential nature:

- (a) the take-on of data both before and after a GB BSC comes into effect (referred to as voluntary and compulsory phases) in relation to the technical details of meters, aggregation rules, BM Units and other Volume Allocation Units in Scotland;
- (b) the testing of all such data and the data collection processes to ensure that metered volumes are being properly calculated for each of the two new GSP Groups in Scotland and the trialling of settlement systems using such data; and
- (c) the cut-over to live operation for the whole of GB for BETTA go-live.

¹ Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

The Authority believes that the proposed work is necessary for the timely and effective implementation of BETTA because the work is necessary to enable the calculation of metered volumes in relation to each BM Unit and GSP Group in Scotland and to ensure that settlement calculations will be performed accurately and completely after BETTA go-live.

Approval

The Authority has concluded that ELEXON has the most appropriate resources to undertake the work outlined in Work Package BETTA 5.3 and hereby gives its approval of the work specification in this Work Package to be undertaken by ELEXON as BETTA Support Work, as defined in Section C8.1.1 of the BSC. Such approval is to be effective from the date of this letter to the date of BETTA go-live. The Authority notes the assurance from ELEXON that undertaking this BETTA Support Work will not adversely impact its principal BSC activities.

In giving its approval the Authority is not approving the costs associated with the work specification but has noted that the ELEXON Board has reviewed and approved these costs. In accordance with section C8.2.2 of the BSC, the costs of this work are to be separately accounted for by ELEXON within BSC Costs.

Ofgem will publish this letter and the other documentation (other than that which is confidential) received from ELEXON in support of its application.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Haldearn', followed by a long horizontal flourish.

David Haldearn
Director, Scotland and Europe

Signed on behalf of the Authority and authorised for that purpose