

6th January, 2012

Rachel Fletcher,
The Office of Gas and Electricity Markets,
9 Millbank,
London
SW1P 3GE

Potential Expansion of the Role of Elexon

Dear Rachel,

Thank-you for your invitation to respond on your consultation regarding the potential expansion of the role of Elexon and the workshop you facilitated on the 8th December, 2011. Please consider our response to your consultation non-confidential.

As a bit of background, EnAppSys provides data, information and insight on the operation of the UK wholesale energy markets with a focus on electricity. We are licenced data providers under modification P114 to the balancing and settlement code and take data from Elexon and other sources and use it to provide data and information services to our customers (of which OFGEM is one). We have a broad range of customers that use our services to level the playing field in the collation and interpretation of data and information to allow them to compete more efficiently with larger players in the market. Essentially we provide a cost effective way to share costs of provision of market information at no additional cost to BSC Parties that have already invested in their own systems.

We do not have a view on the individual consultation questions you have provided in your Appendix 2 on issues like different models, board structures etc.

We would however, like to support your four principles and expand on them:

Condition 1: BSC Parties should not face higher costs

Most of our customers are small BSC Parties or new entrants who need to keep their costs down. There should be no negative cost impact of these proposals on our customer base.

Condition 2: The arrangements should not place more risk on BSC parties

See condition 1.

Condition 3: Standard of service should be maintained

EnAppSys is a consumer of Elexon information and a customer of Elexon. We would expect their current standards of service delivery to continue to improve

as this enables us to keep our costs down for our customers who include BSC Parties.

Condition 4: Elexon's BSC role should not give it any undue advantage in the DCC competition

By expanding the role of Elexon we would expect they may wish to do more than enter the DCC competition. We are not afraid of a new entrant into our space but would require it to be on a level playing field. It would be unfair for any competitor subsidiary of Elexon to gain a cost or marketing advantage from being part of the Elexon Group to the detriment of businesses that have had to "do it the hard way". Elexon should declare and account for all business development activities funded by current and previous business plans and BSC cost recovery arrangements and refund those costs to BSC parties before entering any market as discussed in section 29 of the report from Richard Morse.

Any questions or queries you can contact me on 01642 671111 or at phil@enappsys.com.

Regards,



Phil Hewitt,
Director