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Drax Power Limited  
Drax Power Station  
Selby  
North Yorkshire  
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12 February 2015

Dear Lesley,

**Re: Statutory consultation on a proposed licence modification to enable future expansion of the role of Elexon Limited**

Drax Power Limited (“Drax”) is the operating subsidiary of Drax Group plc and the owner and operator of Drax Power Station in North Yorkshire. The 4,000MW station consists of six separate units which together produce around 7-8% of UK generation. Haven Power Limited (“Haven”) is an electricity retailer and a subsidiary of Drax. Haven supplies small and medium (SME) sized business customers and larger Industrial and Commercial (I&C) customers. This response represents the views of both Drax and Haven.

We welcome the approach taken by Ofgem in its statutory consultation. The proposed Transmission Licence modification strikes the correct balance between progressing debate on this topic and preserving an inclusive and transparent process for any future changes to Elexon’s vires.

Elexon plays a critical role in the functioning of the electricity market, providing electricity settlement services and, as recently directed by the Department of Energy and Climate Change, EMR settlement services. We remain concerned that an expansion of activities could distract Elexon’s management team from the delivery of core BSC and EMR services, leaving existing activities resource constrained. If a proposal to expand Elexon’s activities are taken forward, appropriate safeguards must be put in place to protect these roles.

Given the representations received by Ofgem on this topic to date, we believe any proposal to modify Elexon’s vires should be evaluated objectively. Such modifications should be assessed against (a) the Applicable BSC Objectives and (b) the four objectives previously set out by Ofgem with regards to vires changes, namely:

1. BSC Parties should benefit from any diversification by Elexon;
2. The arrangements should not place disproportionate risk on BSC Parties;
3. Standards of service under the BSC should be maintained; and
4. Elexon’s BSC role should not give it any undue competitive advantage in a contestable activity.

Ofgem’s objectives aim to strike a balance between maintaining standards in the delivery of core activities and the benefits/efficiencies that may be gained by expanding Elexon’s vires. We believe the four objectives should be added to the Transmission License to deliver an adequate safeguard. This will improve confidence in any future cost/benefit evaluation process.

Should you have any questions or wish to discuss this response, please feel free to contact me (email: cem.suleyman@drax.com; telephone: 01757 612 338).

Yours sincerely,

(By email)

Cem Suleyman  
Regulation and Policy