

Thomas Kenyon-Brown  
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London  
EP14 4PU

11<sup>th</sup> September 2019

Attn: Mr Thomas Kenyon-Brown

**Adjustments to the Electricity Market Reform Delivery Body Revenues**

Dear Mr Kenyon-Brown,

I am writing to you in regards to the recent proposals to adjust the Electricity Market Reform Delivery Body (the "DB") Revenues. In general, Energy UK tentatively supports Ofgem's proposed adjustments, and consider it sensible to ensure that the DB is funded appropriately, so long as outputs improve the service provided to market participants.

We recognise that the IT administration system (the "Portal") has been an area of concern for market participants, and requires significant investment to make it fit for purpose. We welcome proposals to build a new Portal by April 2021, one that meets user needs and delivers what is required for Contracts for Difference (CfD) and Capacity Market (CM) regulatory regimes. The Portal is considered a core function of the DB, and we encourage appropriate remuneration for spending, so long as it results in positive developments which meet the needs of its users. Therefore, the scope for the new Portal design must be appropriately consulted on with industry as early as possible and at all relevant stages. It is crucial that the new Portal design be developed with industry involvement lest the DB build a Portal unsuitable for its users. A Portal that works well for the DB does not necessarily mean that it is suitable for wider users. A potential option which we would welcome would be a committee made up of industry, the DB, the ESO, BEIS and Ofgem. The committee should advise and agree any tendering process and criteria, as well as the design and development directions.

We are, however, concerned that the proposals do not provide future funding for appropriate spend on the existing Portal. Considering delays to the previous Portal, and the potential for forthcoming delays associated with a significant project such as the new Portal, we encourage the continuation of necessary investment in the existing Portal where it is robustly justified. Without this approach, we are concerned that urgent changes which need immediate consideration will not be addressed. This would result to the serious detriment to the user journey, adding further burden to what is an already burdensome process.

We note that the overspend of £17.86m above allowances seems high, and not necessarily attributable to noticeable improvements in quality of the Portal. In general, if additional funding is to enable the DB to excel at its core role, then we would consider this acceptable. However, it is our belief that there is significant scope for improvement from the DB. We would welcome clarity on the difficulties and challenges that the DB encounters in providing ideal service, in order for us to appropriately support it. In particular, we would welcome an understanding of the issues the DB encounters in Portal development, and whether this is influenced by the wider National Grid IT department. With this in mind, we would welcome clarity from Ofgem surrounding how they suggest to appropriately incentivise the DB to deliver the new Portal on time and ensure that it is fit for purpose. All Portal upgrades and changes must be implemented in a timely fashion.

Finally, considering that DB allowances are recovered through Balancing Services Use of Systems (BSUoS), we would welcome clarification from Ofgem on how and when these additional allowances will be recovered.

If you have any questions, please feel free to contact me.

Yours sincerely,

Matthew Deitz  
Policy Manager, Power