

By email to: TransmissionCompetition@ofgem.gov.uk

Mr. James Norman
Transmission Competition Policy
9 Millbank
SW1P 3GE

9 December 2015

Dear Mr Norman,

ELEXON's response to Ofgem's consultation – Extending competition in electricity transmission: arrangements to introduce onshore tenders

We welcome the opportunity to provide ELEXON Limited's views on the above consultation.

As you know, ELEXON, as the Balancing and Settlement Code (BSC) Company for Great Britain, is responsible for the proper, effective and efficient delivery of the BSC. The BSC includes provisions which define who is responsible for settlement metering at the boundaries of transmission and distribution systems.

The introduction of offshore transmission owners (OFTOs) had impacts on the BSC which only became apparent when detailed implementation of the policy began. The obligations on Parties for settlement metering at the OFTO network boundaries proved to be unexpectedly onerous in practice. The BSC was modified to amend the existing metering obligations, and also to clarify the treatment of transmission losses on the OFTO networks. And the BSC Panel needed to grant a number of metering dispensations to the affected Parties.

The impact of OFTOs on the BSC arose because their networks were connected to onshore distribution networks rather than to the onshore transmission network. The introduction of Competitively Appointed Transmission Owners (CATOs) has the potential to affect the BSC in a similar way, if the policy gives rise to novel scenarios for the connections between transmission and distribution networks.

Because of this, ELEXON would like to work with Ofgem as Ofgem's thinking on CATOs develops, so that we can identify any potential impacts on the BSC at an early stage.

If you wish to discuss this further or have any questions with regards to this response, please contact me on 020 7380 4364, or by email at justin.andrews@elexon.co.uk.

Yours sincerely,

Justin Andrews
Head of Design Authority