

Simon McCalla  
Chief Executive  
ELEXON Ltd  
350 Euston Road  
London NW1 3AW

20<sup>th</sup> January 2023

Dear Simon,

**Elexon Draft 2023/4 Business Plan**

I write to you on behalf of the BSC Panel to express its collective views on the draft BSCCo Business Plan 2023-2024. The Panel supports this Plan, noting the many efforts that Elexon has made to constrain the overall budget despite the pressures arising from the MHSS/Helix programme, the increase in the teleswitching costs, and the higher inflation levels.

We commend the good progress of the Kinnect programme and the ambition to complete it as well as realising the benefits in terms of lower operating costs in the later years. While we accept that the Helix costs are driven by external changes in the MHSS programme that also affect many other Parties, we urge Elexon to play its part in ensuring that such increases are kept in check. The Plan would be served well by a greater description of the improvements that will result from Kinnect, for example the replacing of the Funds Administration Agent in Q4 2023/4.

At the January BSC Panel meeting there was a thorough discussion of the teleswitching costs which we will be published in due course. While the Panel is keen that cost increases are kept in check and urge Elexon to make all efforts to do so, we recognise that effective procurement of the teleswitching service presents a significant challenge given the number of customers that rely on it.

The Panel is strongly supportive of Elexon maintaining its capabilities and expertise in the current turbulent market environment and the capacity to deal with unanticipated initiatives like the EPG and other fast-tracked modifications arising from the energy crisis. We have sought, and received, assurances that this is the case – that the short and long-term cost savings (i.e. headcount reductions) will still allow Elexon to provide market expertise and robust settlement to the market.

Our discussions on the Strategy at the Panel meeting gave us more confidence that the underlying ambition is for Elexon to focus on the core settlement activities, a sentiment we endorse. However, in our view the document did not really do justice to this, and at face value appeared to be more of a continuation of previous years.

We thought that the staffing section of the Plan document would benefit from more detail in the areas of meeting the challenges of recruitment, retainment in the current employment market and the approaches to growing its staff.

On a separate point we believe that the Plan should include greater detail of the Credit Committee's activities and its future direction, given its importance to Parties at the moment.

Finally, my Panel colleagues have asked me to pass on their thanks and appreciation for the way in which Elexon has maintained its operations despite the many urgent activities resulting from the energy crisis. We recognise the commitment and hard work from the Elexon team: many Panel members have witnessed this first hand in these challenging times.

The Panel is content for this response to be made publicly available.

Yours sincerely,



Phil Hare

Deputy BSC Panel Chairman

Cc: Sara Vaughan, Elexon Chair