

ELEXON

Draft Business Plan 2023/24

18 January 2023

Welcome and introductions

Elxon's presenters



Simon McCalla
Chief Executive
Officer



Helen Tipton
Director of Strategic
Programmes



Peter Stanley
Director of
Digital Operations



Victoria Moxham
Director of Customer
Operations



Yasmin Mouse
Director of Finance
& Commercial



Geraldine Buckland
Chief People
Officer

Notes to participants

You may submit questions at any time through the chat facility

We will answer questions at the end of the webinar. We will follow up with answers if there is not enough time to answer all questions

The proposed business plan is available on our corporate website (www.elxon.com) and also on the BSC site (www.elxon.co.uk)

The closing date for feedback is 17:00 on 27 January.

New proposed Elexon strategy for 2023 to 2025

We have structured our business plan around the five themes of the proposed Elexon strategy for 2023 to 2025.

The new proposed strategy:

- builds on everything that we do well, as an independent, reliable market expert
- gives the organisation a sharper focus on delivering value as a high-performing code manager



Delivering service excellence and customer value



Delivering strategic programmes



Transforming BSC code management



Strengthening industry engagement and relationships



Developing our people

Keeping our costs as low as possible

Our budget for 2023/24

Proposing a total budget of **£107.7m** for 2023/24 compared with a budget of **£98.2m** for 2022/23 – an increase of **£9.5m** (9.7%)



Managing our costs efficiently

- We have reduced current year controllable costs by £1m (against the 2022/23 budget)
- We have absorbed a proportion of the £9.5m cost rise by making efficiency savings across the business of £1.3m
- Any unused budget is returned to Parties as always



Delivering service excellence and customer value

Priorities for Rules Management:

BSC changes that support a smooth transition to MHHS.

P432

CP1558

Development of Modifications to support Net Zero

P415

P444



Delivering service excellence and customer value (continued)

Managing requests for open data:

- Continue to serve open data requests to support innovation, greater transparency,
- Support industry-wide open data initiatives by Ofgem, and Icebreaker One

Managing new services:

We have expanded our service provision to support Ofgem, and delivery of Government policy

- Energy Price Guarantee
- Energy Bill Relief Scheme
- Capacity Market Advisory Group secretariat
- Regulated Asset Base approach to financing new nuclear plant

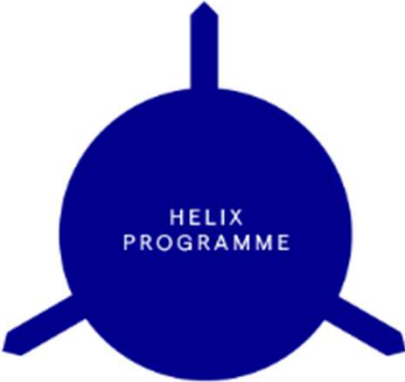
Focus is on streamlining processes, operations and overall efficiency for these services



Delivering strategic programmes

ELEXON

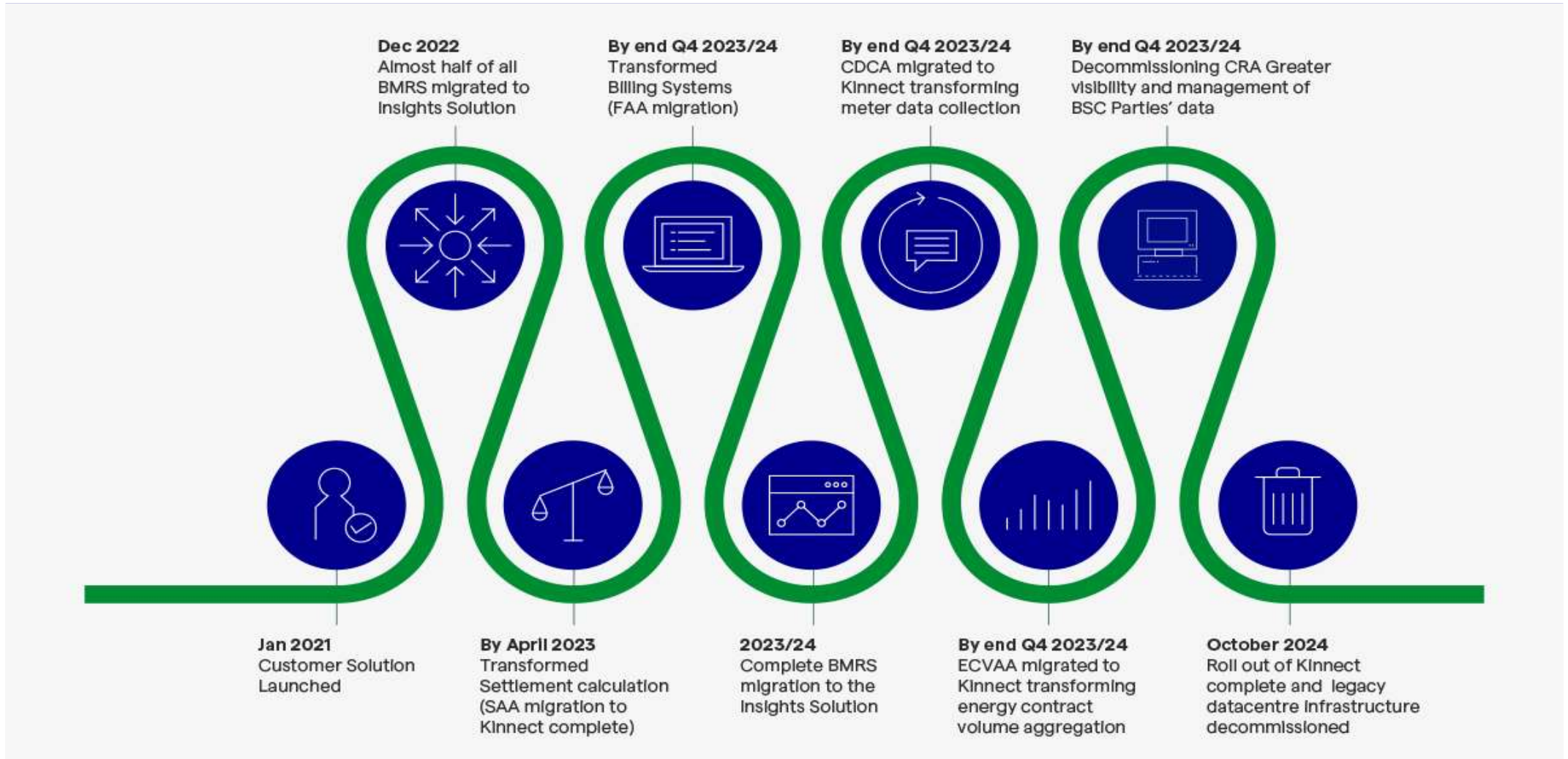
KINNECT



**MHHS
PROGRAMME**

Industry-led, Elexon facilitated

Key steps for completing the roll out of Kinnect



The Helix Programme

Re-work:

Re-working to continue in 2023/24 as the MHHS Programme re-baselines the implementation plan in line with industry's ability to deliver

The combination of new and revised requirements will result in Helix taking longer to complete than originally estimated

Therefore we have budgeted for additional funding for Helix in 2023/24



Additional priorities:

Supporting our Assurance team to re-write the existing Performance

Assurance Framework so that it is in line with MHHS

Supporting our Rules Management team with the changes to BSC documentation that are needed to account for the MHHS solutions

The MHHS Programme

Re-plan: will be concluded in **Q1 2023**.

The re-plan is considering when participants expect to complete their DBT, and be ready for participation in systems integration testing from **Q3/Q4 2023**

The re-plan will put the programme on a **secure and industry-supported footing** and ensure that there is **high confidence in delivery**

Data Integration Platform (DIP): will deliver **next-generation event messaging architecture** needed so that Elexon can receive half hourly data

Implementation: phased migration approach with the first tranches of meters transferring onto new MHHS systems in spring 2025 (subject to industry agreement)



**MHHS
PROGRAMME**
Industry-led, Elexon facilitated

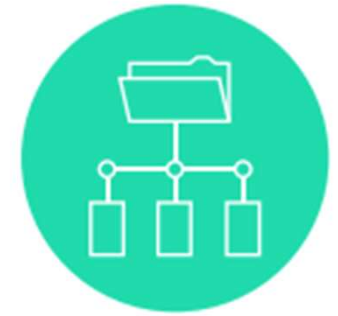
Transforming BSC code management

Expectations of licensed code managers:

Ofgem is expected to announce next steps for licensing code managers in 2023

New ways of working with the industry will be needed

Code bodies will need to help industry navigate fundamental reforms which may result from the Review of Electricity Market Arrangements (REMA)



Streamlining processes to support Net Zero:

We need to pick up the pace on code market reforms to support Net Zero

We will launch initiatives to streamline and enhance the BSC change process creating opportunities for efficiency and innovation

We will bring industry together to consider new ways of working, reinforcing the BSC's position as one of the leading codes

Strengthening industry engagement and relationships

Preparing for a change of ownership:

We expect BEIS to make a decision in 2023 regarding our future ownership following the establishment of the Future System Operator

We will work with BEIS, Ofgem and NGENSO on transition to the new ownership arrangements to ensure this happens seamlessly for Parties



Supporting reform of the energy markets:

We will continue to engage Government and Ofgem on the REMA, code reforms and Net Zero initiatives to develop these reforms

Our Settlement expertise could assist with new developments such as locally balanced markets and the Distribution System Operator role

Developing our people

Our People Strategy:

Our People Strategy ensures that we attract, retain and motivate our colleagues

Specific activities for 2023/24 include:

A programme to create the industry experts of the future through training, hiring and mentorship

Upgrading our processes and technology capabilities to support sharing of knowledge, skills and expertise across the business

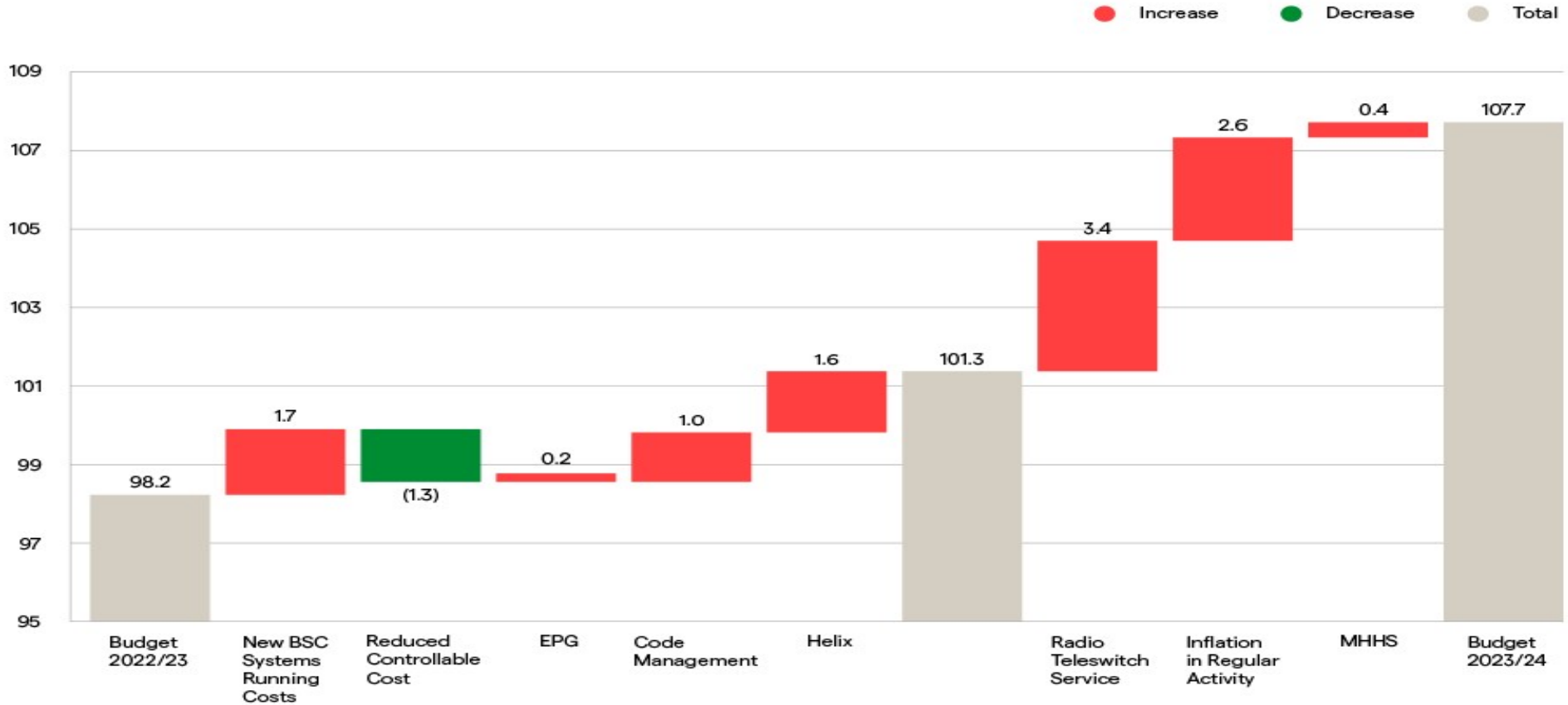
Developing a resilient and performance-focused culture that delivers exceptional value to customers



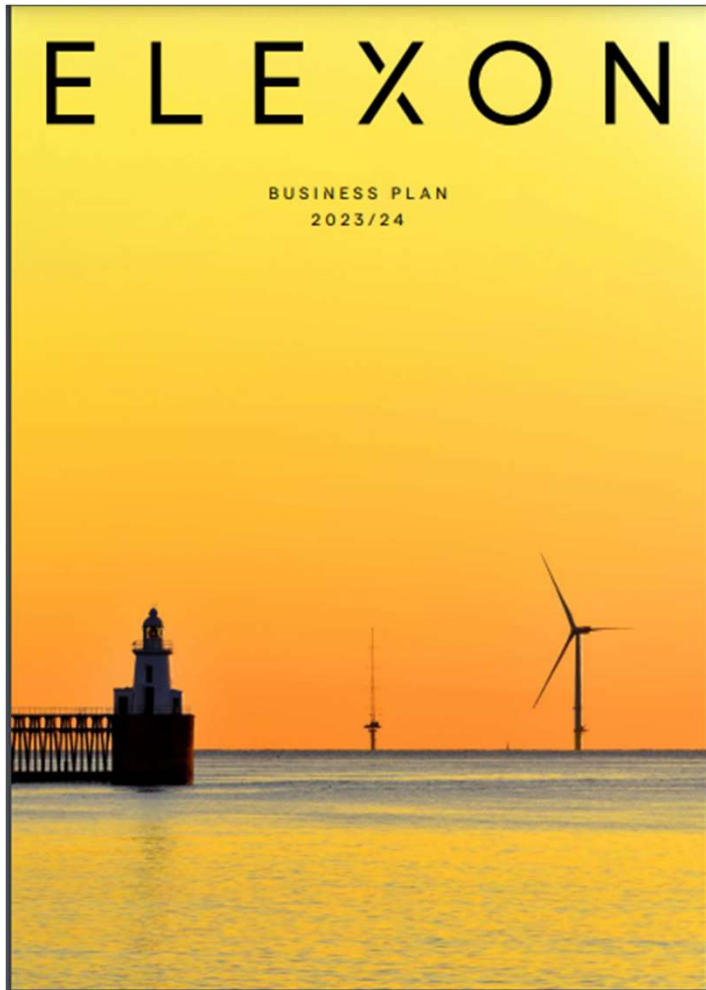
Budget for 2023/24

| | Year to March 2022/23 Forecast £m | Year to March 2022/23 Budget £m | Year March 2023/24 Budget £m | 2023/24 Budget vs 2022/23 Budget £m |
|---|---|---------------------------------------|------------------------------------|--|
| Total regular BSC Activity | 39.6 | 40.3 | 43.3 | (3.0) |
| Teleswitch Pass- through | 1.2 | 1.5 | 4.9 | (3.4) |
| Demand Led, Digitalisation and EPG | 19.1 | 20.7 | 21.9 | (1.2) |
| Helix Programme | 17.5 | 16.2 | 17.8 | (1.6) |
| MHHS Programme | 19.5 | 19.5 | 19.8 | (0.3) |
| Total Elexon budget | 97.2 | 98.2 | 107.7 | (9.5) |

Drivers for the changes from our 2022/23 budget



Responding to the business plan



- The draft business plan is available on corporate website (www.elexon.com) and also on the BSC site (www.elexon.co.uk)
- Please send your comments to communications@elexon.co.uk
- The closing date for comments is **17:00 on 27 January**
- We will present feedback to Elexon's Board, which will agree the final version of the plan to be published before the end of March

QUESTIONS?