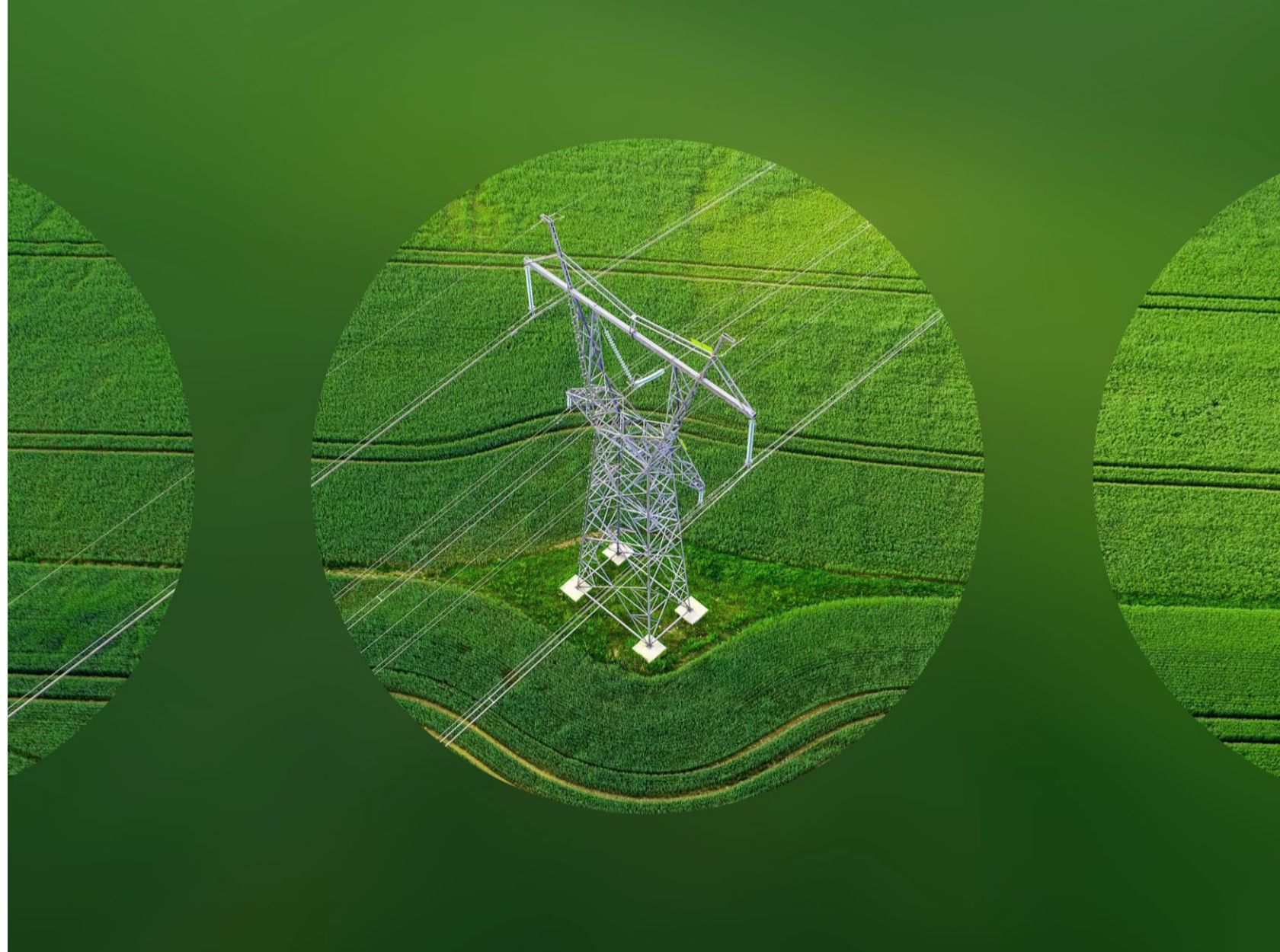


2025/26 Business Plan webinar

14 January 2025



01 Welcome

Peter Stanley
Chief Executive Officer, Elexon



Providing feedback on our business plan

Our 2025/26 business plan is available on our [website](#).

You can provide feedback until 31 January 2025 by emailing us at: communications@elexon.co.uk

Today's agenda

1

Overview of the key deliverables and value for BSC Parties in the business plan

2

Elexon's budget for 2025/26

3

Q&A: You can ask any questions using the Questions box or by raising your hand

Elexon key priorities and deliverables 2025/26

In 2025/2026, Elexon will:

- Continue to deliver accurate settlement services
- Deliver value for money, drive efficiency and continue to invest
- Deliver our major programmes to time and budget
- Go live with market facilitator operations end 2025
- Deliver excellent service, data and customer experience
- Become a licensed Code Manager
- Ensure our plans align to deliver Clean Power 2030
- Be a great, inclusive and diverse place to work – driving a strong performance culture.



Elexon deliverables 2025/26

Quarter 1 2025/26

- Completed MHHS Test phases: SIT Functional; Non-Functional; Non-SIT LDSO Qualification Testing
- Ofgem decision on MF role scope
- New Funds Administration Agent System Go Live (Spring)
- Network Charge Compensation Payments Commence
- Website amalgamations

Quarter 2 2025/26

- MHHS systems Go Live
- Elexon Support expanded to cover MHHS
- All pre-live assurances received and BSC changes to support MHHS delivered
- Non-SIT LDSO qualification complete
- Implementation of P444 (subject to approval)

Quarter 3 2025/26

- MHHS starts migration of SIT participant MPANs
- Market Facilitator Go Live (Dec 2025)
- Dual running of Settlement begins
- Elexon begins operating the DIP and associated half hourly data becomes available to Elexon

Quarter 4 2025/26

- Elexon expects to become a licensed code manager (early 2026)
- BSCCo and other Code Body Approval of 1st Qualification Testing Wave
- MHHS Early Life Support Completes

Elexon's Executive Team



Peter Stanley
Chief Executive Officer



Helen Adey
Settlement Services
Director
MHHS Programme SRO



Geraldine Buckland
Chief People Officer



Steve Page
Chief Financial Officer



Jessica McGoverne
Director of Corporate
Affairs



Victoria Moxham
Director of Customer &
Code Management



Saso Bruzzese
Chief Technology Officer

02 Settlement Services



Improving BSC Agent services

New Funds Administration Agent will go live during spring 2025

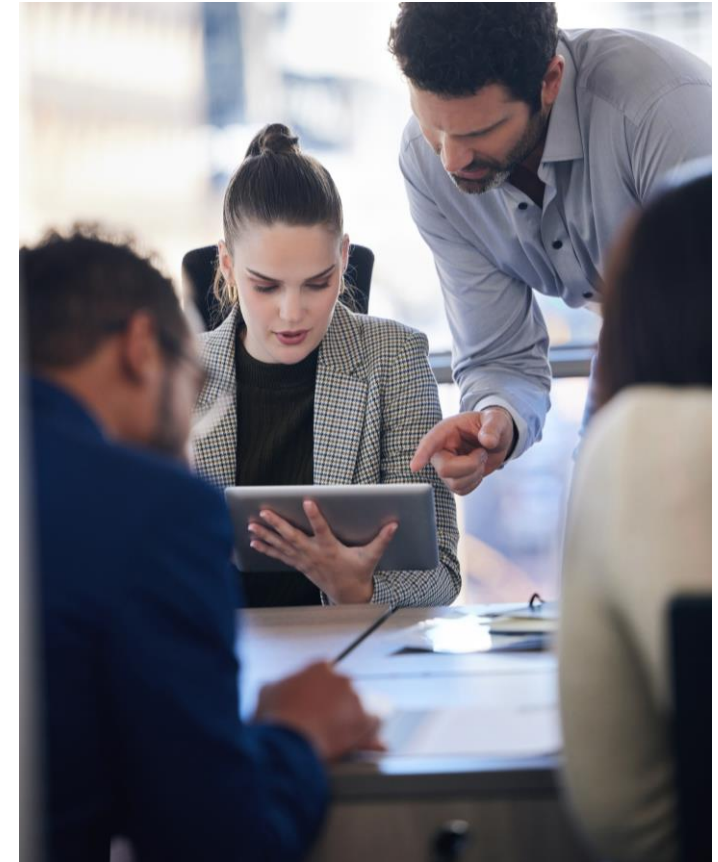
Benefits: Simplified invoices, a reduction in the volume of documents sent to Parties, and reduced risk of errors

ECVAA and CDCA migration to Kinnect cloud platform in spring 2025

Benefits: Speeding up delivery of BSC changes, quicker receipt of notifications, and improved security

Re-tendering of BSC Agents and Central Systems

Benefits: Maximising cost optimisation and value for money for re-tendered contracts



Electricity Market Reform Settlement Ltd priorities



Capacity Market

Working with LCCC and NESO to optimise Capacity Market processes making it more accessible to new entrants

Nuclear Regulated Asset Base (RAB)

Depending on a final investment decision, EMRS will begin settling the RAB scheme for Sizewell C

Supporting next steps for the REMA

EMRS and Elexon will continue to provide expertise on the Capacity Market and Contracts for Difference to the Government for the next steps of the REMA

Key BSC rule changes

P444
‘Compensation for Virtual Lead Party actions in the Balancing Mechanism’

Implementation planned for November 2025 (if approved by Ofgem)

Key benefit:
Ensuring that Suppliers are compensated for Virtual Lead Party actions

P479
‘Amendments to Credit Cover calculations’

Implementation: BSC Panel to make a recommendation to Ofgem in April 2026.

Key benefit:
Ability to lodge Credit Cover that is more reflective of debt incurred, leading to greater certainty in planning and cost reductions

P478 ‘Changes to the BSC to facilitate the MHHS Target Operating Model’

Implementation: September 2025

Key benefit:
Provides clarity for all participants on the obligations, processes and provisions necessary for the new MHHS arrangements

P483 ‘Enabling Asset Metering for Non-Half Hourly Boundary Metering Systems’

Implementation: BSC Panel to make a recommendation to Ofgem in September 2025

Key benefit:
Enabling more flexible assets to access the wholesale market / BM through aggregators

03

Half hourly settlement



Elexon's role and the benefits of Half Hourly Settlement

Elexon's role

Elexon is the Implementation Manager for the MHHS Programme

As a participant, we manage the Helix Programme to ensure that Elexon is ready for the changes

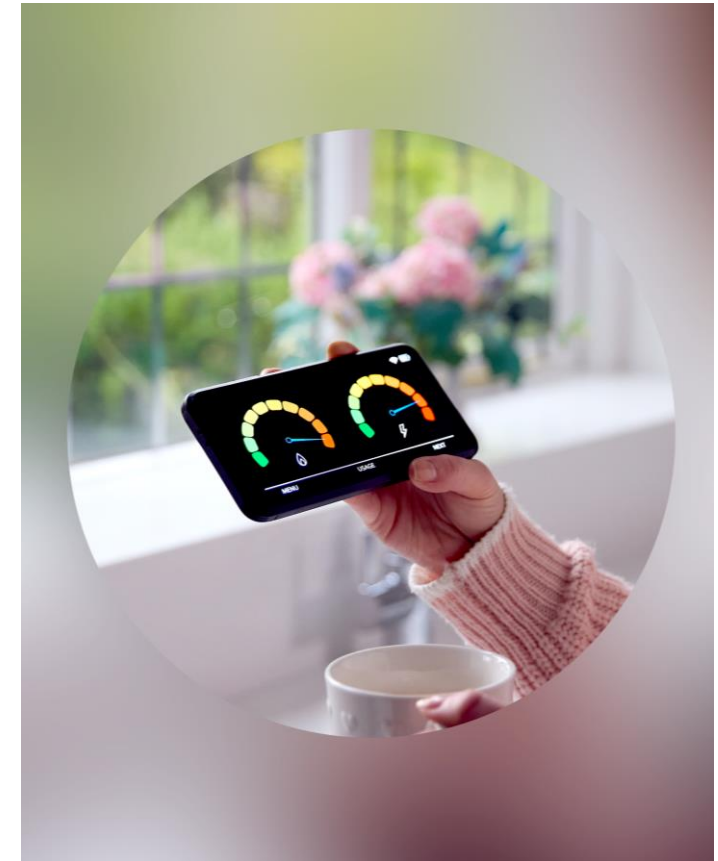
Benefits:

- 1 **Innovative products for consumers such as a new generation of Time of Use tariffs, and greater insight for Suppliers**
- 2 **Shorter settlement timeframe (4 months down from 14 months)**
- 3 **All customers being settled on their half-hourly consumption**
- 4 **Providing distributors with greater visibility of their low voltage networks**

Extension of timescales for MHHS implementation

Ofgem has approved the MHHS Programme's request to move M10 milestone 'Central Systems Ready for MPANs (and subsequent milestones) by **6.5 months** from **March 2025** to **September 2025**

- Extension allows for sufficient time to complete robust System Integration Testing (SIT) for the new arrangements
- Overwhelming support for the Change Request among MHHS Programme participants
- Elexon committed to working with participants to meet the new timescales
- Elexon expects that more than 80 per cent of meters will have transitioned to MHHS arrangements before the end of 2026



MHHS Programme priorities for 2025/26

- 1** **SIT Minimum Viable Cohort to be complete:**
August 2025
- 2** **Preparation for (and completion of) the Go Live M10 Milestone:**
September 2025
- 3** **Load Shaping Service to be switched on:**
September 2025
- 4** **Start of 18-month migration for Unmetered Suppliers (UMS) / Advanced and smart / non-smart meters:**
October 2025
- 5** **Start of Migration for Qualification Wave 1 participants:**
May 2026

Preparing for MHHS implementation



1

First half of 2025:

Thorough end-to-end testing all of Elexon systems in preparation for dual running of settlement

2

From September 2025

Expansion of Elexon Support service to cover the MHHS operating model

3

Ongoing:

Step up in Elexon's support on qualification for all MHHS participants that are not involved in SIT

4

Ongoing

Two Performance Assurance Board meetings to be held per month to assist in qualification

5

In 2025:

Development of a digitalised Trading Disputes system to manage the significant increase expected in the volumes of disputes raised with the move to half hourly settlement

04

Market
facilitator for
local
distributed
flexibility



Key outcomes for 2025

What is the role?

- A **new role** governed by Ofgem and delivered by Elexon
- Responsible for **standardising DSO markets and driving alignment between DSO and ESO flexibility markets**
- **DNOs and ESO** will be required to **adopt the outputs** specified by the market facilitator

Progress so far

- Appointed in July 2024.
- We are currently working through three key areas:
 1. **Detailed design** – key parameters of the market facilitator function and governance
 2. **Implementation** – establishing the legal and regulatory framework to deliver the role
 3. **Transition** – smooth transition from Open Networks

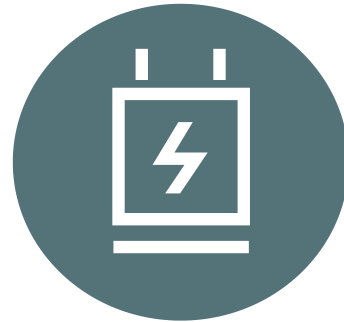
Looking forward

- Go-live December 2025
- Key areas of focus are **primacy rules, stackability and baselining** – unlocking revenue stacking and addressing barriers to market entry
- Maximise the participation of distributed assets in Flexibility Markets to ensure visibility and transparency for flexible assets.

Transitioning to the market facilitator

- Elexon is taking over some of the key initiatives from the Open Networks programme in 2025.

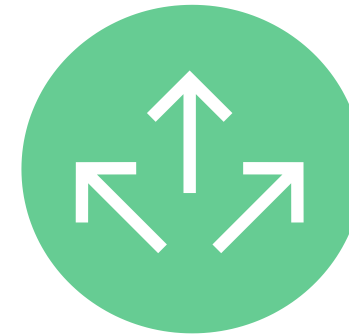
Key deliverables for the market facilitator to create a level-playing field



Stacking tool now available



Standardised baselining methodologies for all system operators to be available in March 2025



Updated primacy rules to be ready in spring 2025



Dispatch API standard to be finalised in summer 2025

05 Data & digitalisation



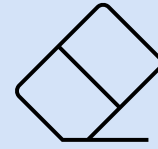
Smart Meter Data Repository: Enabling Innovation



Access to half hourly data

From October 2025
Elexon will have
access to half hourly
data

Once half hourly
settlement is fully
implemented, Elexon
will be processing
around **500 billion**
meter readings per
year



Supporting innovators

Half hourly data can
support development
of new products and
services



Industry Transformation

Elexon will make
half hourly data
openly available to
support Clean Power
2030 and Net Zero in
line with Ofgem's
data sharing consent
framework

Data Integration Platform (DIP)



Next-Generation messaging Infrastructure

Enabling seamless data exchange including half hourly readings



Preparing for half hourly settlement

From September 2025: Elexon takes on operation of the Data Integration Platform



Future use roadmap

We will develop a roadmap for future use cases for the DIP

Achieving wider use of the DIP is important for ensuring value for money for Parties

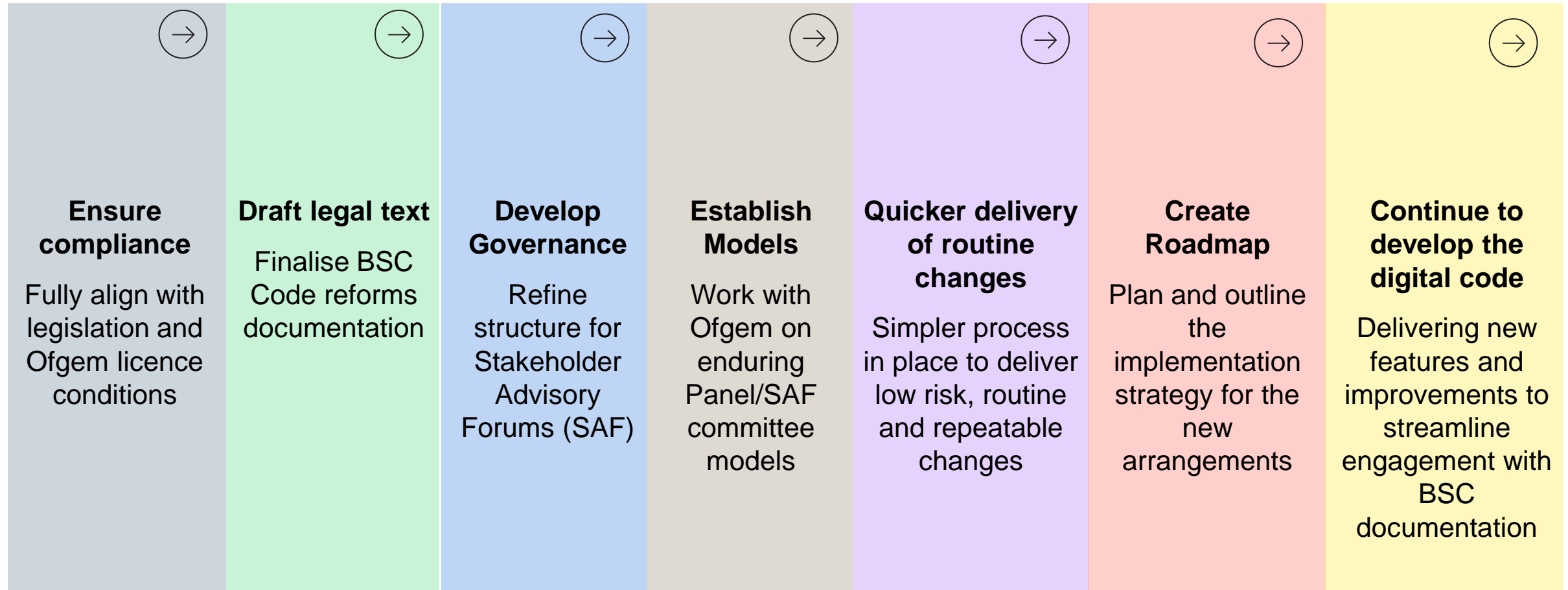
06 Customer & code management



Transforming Code Management for BSC Parties

We expect to become licensed in late 2025 or early 2026.

Performing the licensed code manager role is an opportunity to build on the progress we have made and continue to work closely with stakeholders to deliver BSC changes and the services they need



07 People



Leveraging our People Strategy (Grow, Engage, Reward) with a focus on recruitment and retention



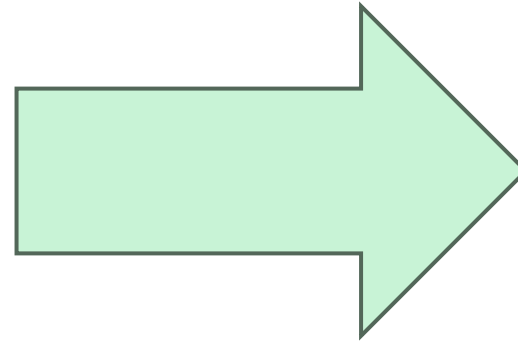
Enhancing the talent pool by developing an extended leadership team to support our growing business



Focusing on remaining in the top quartile, as measured by the Culture Amp benchmarking on employee engagement



Enhancing our Employee Value Proposition



**Talent
retention**

08 2025/26 Budget



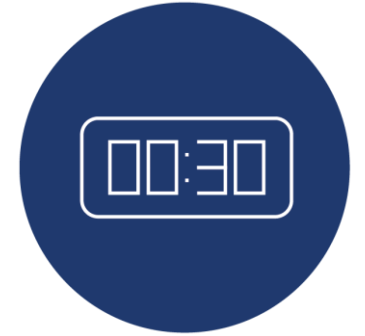
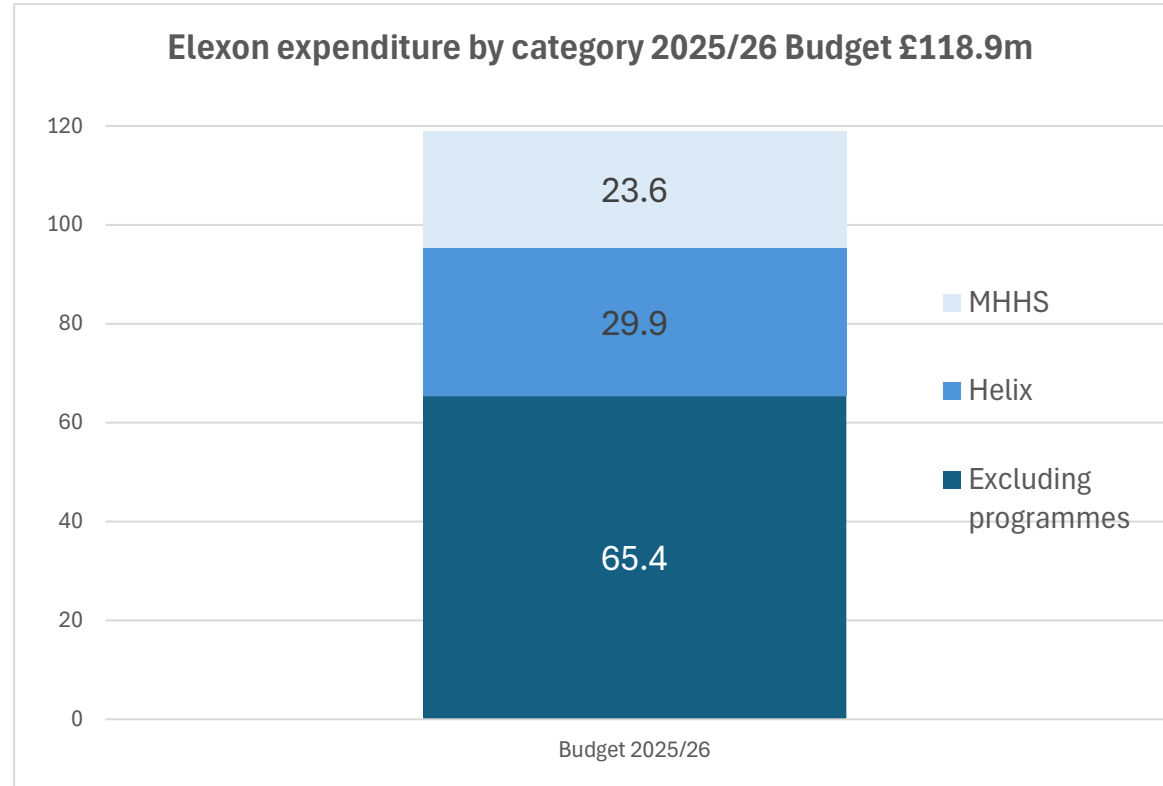
Elexon key deliverables in numbers



Consulting on a budget of **£118.9m** for 2025 / 2026 – a £30.3m increase compared with our projected costs for 2025/26



Making cost and efficiency savings of **£3.8m** in 2025/26 budget

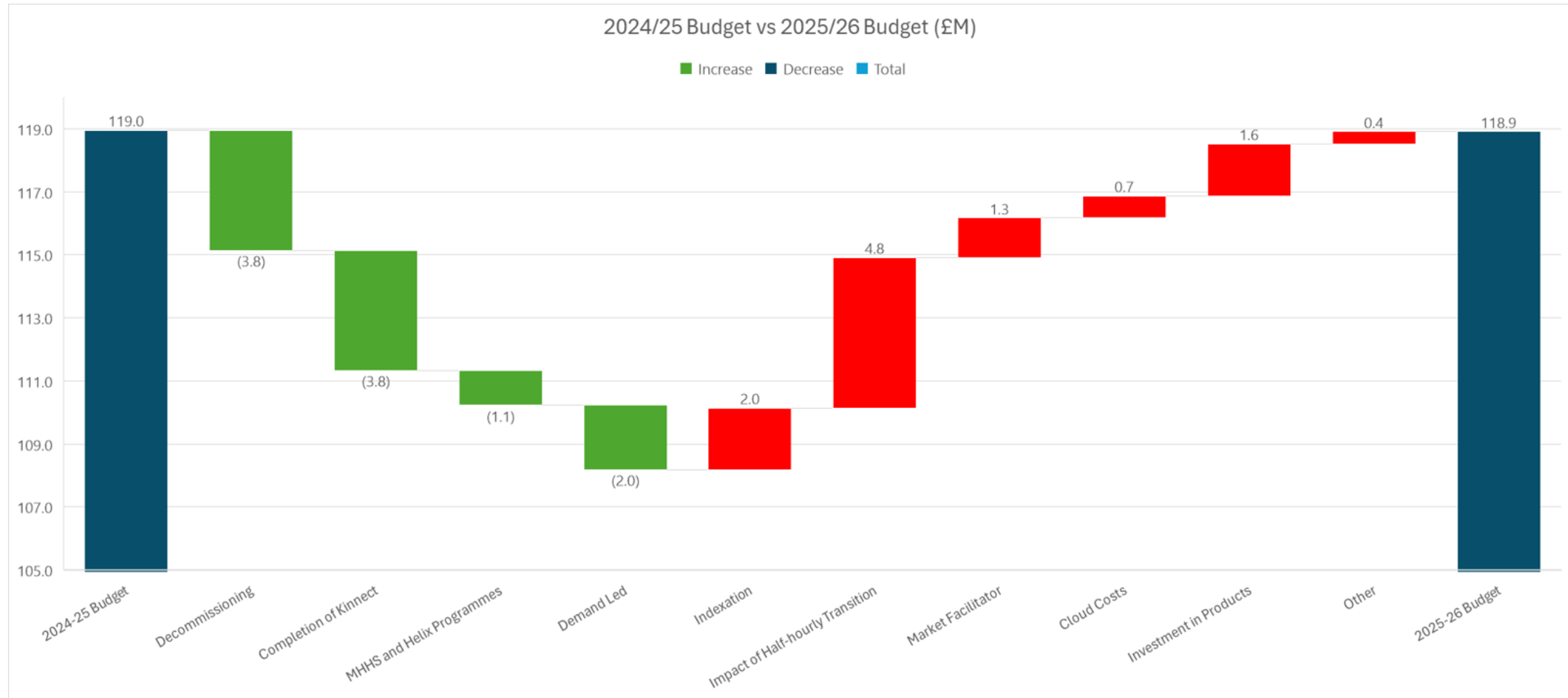


Working with more than **200** market participants to deliver MHHS



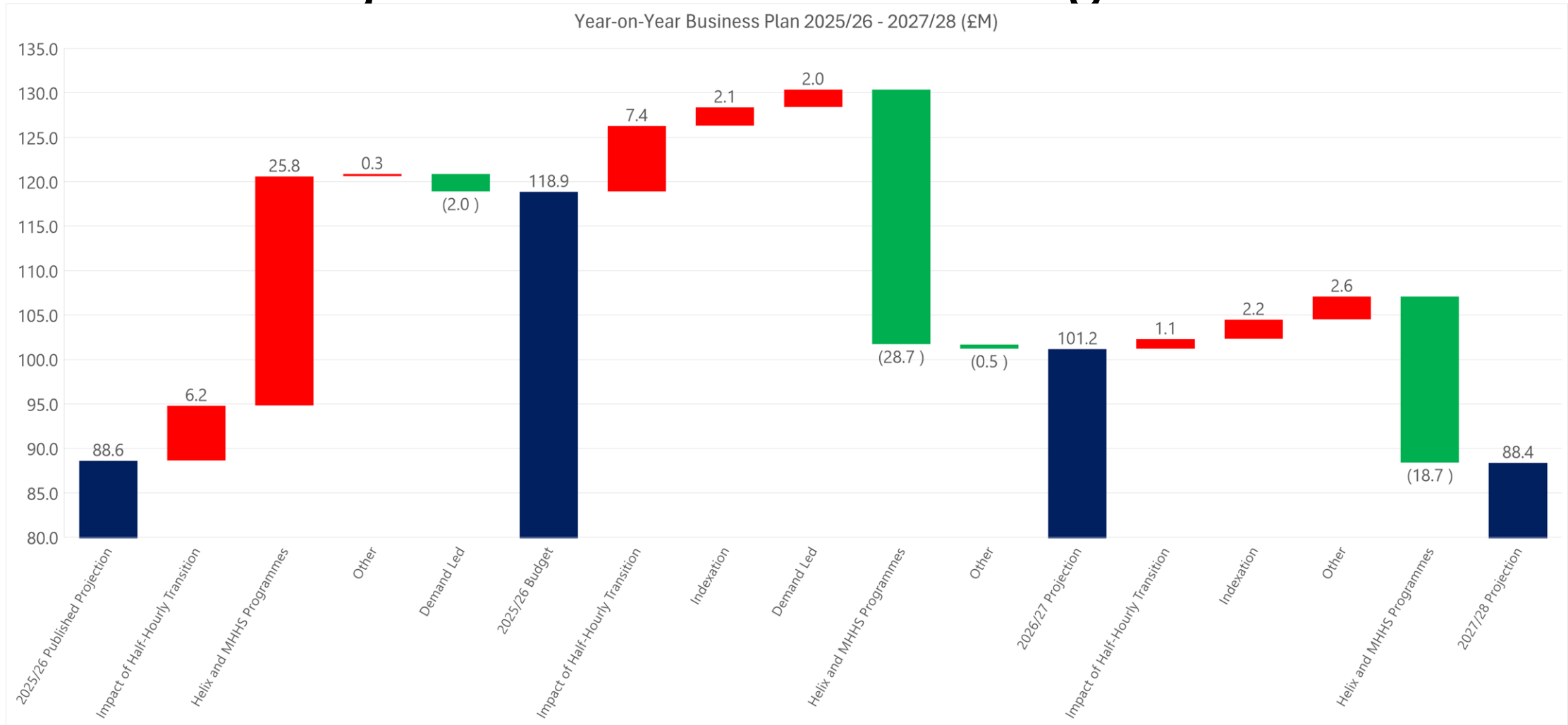
Increasing FTEs by **82** to Sustain and strengthen the MHHS and Helix Programmes and support transition to MHHS operating model

Budget 2024/25 vs Budget 2025/26



- Efficiency savings £3.8m: decommissioning of BMRS (now Insights), Teleswitch meters, and profiling services plus expected reduction in Kinect expenditure £3.8m as this completes
- Investment in products: Trading Disputes Digitalisation (TDD) system for increased efficiency in dispute resolution, the replacement of the Funding Share System (FSS), Elexon website development and the ongoing development of the digital code

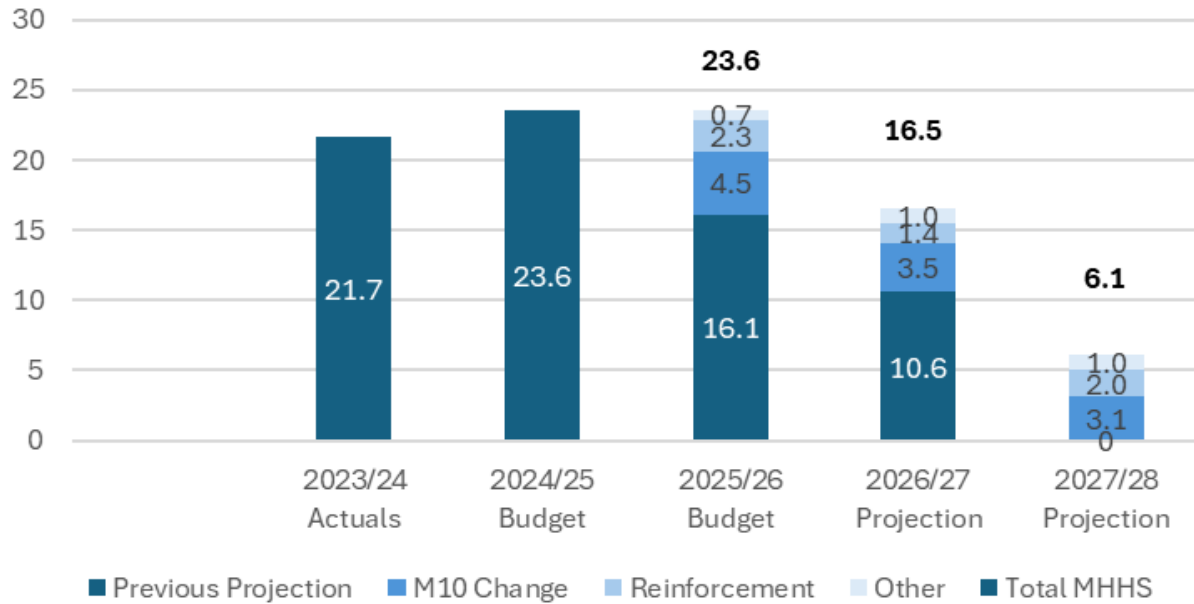
Previous Projection 2025/26 vs Budget 2025/26



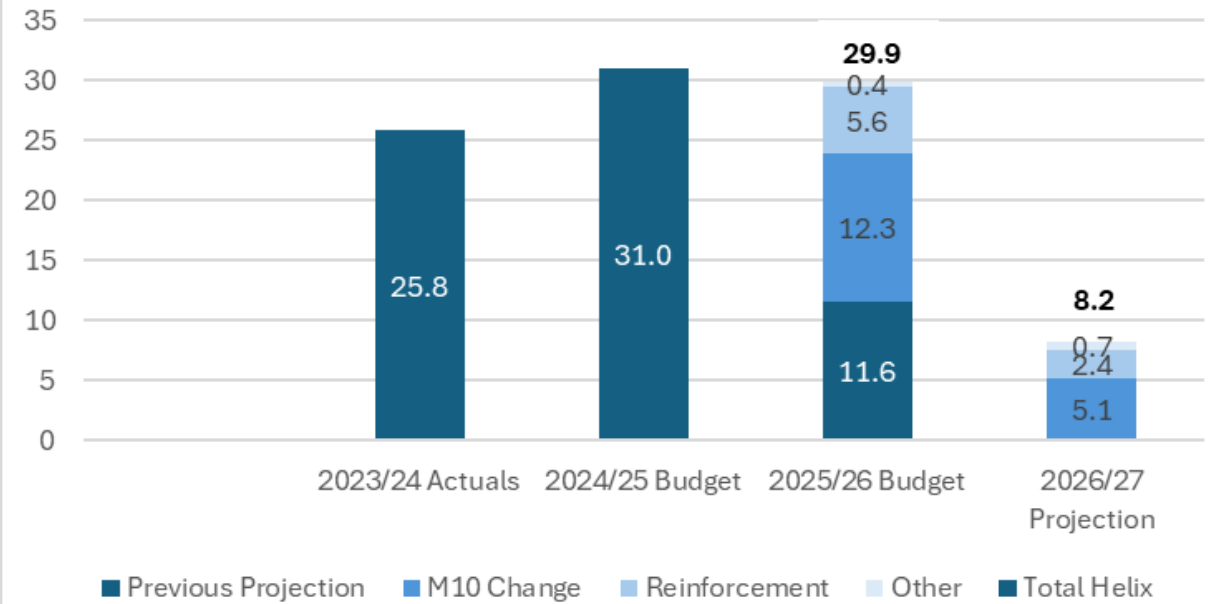
- £30.3m increase in costs for 25/26 compared to previous projection due to continuation of MHHS & Helix programmes together with investment in half-hourly transition resources
- Year on year into 26/27 and 27/28, programmes expenditure reduces and transition resources grow upon completion and handover of hour-hourly as a process for Elexon and industry parties

MHHS and Helix programmes - analysis of changes

MHHS Programme expenditure changes £m

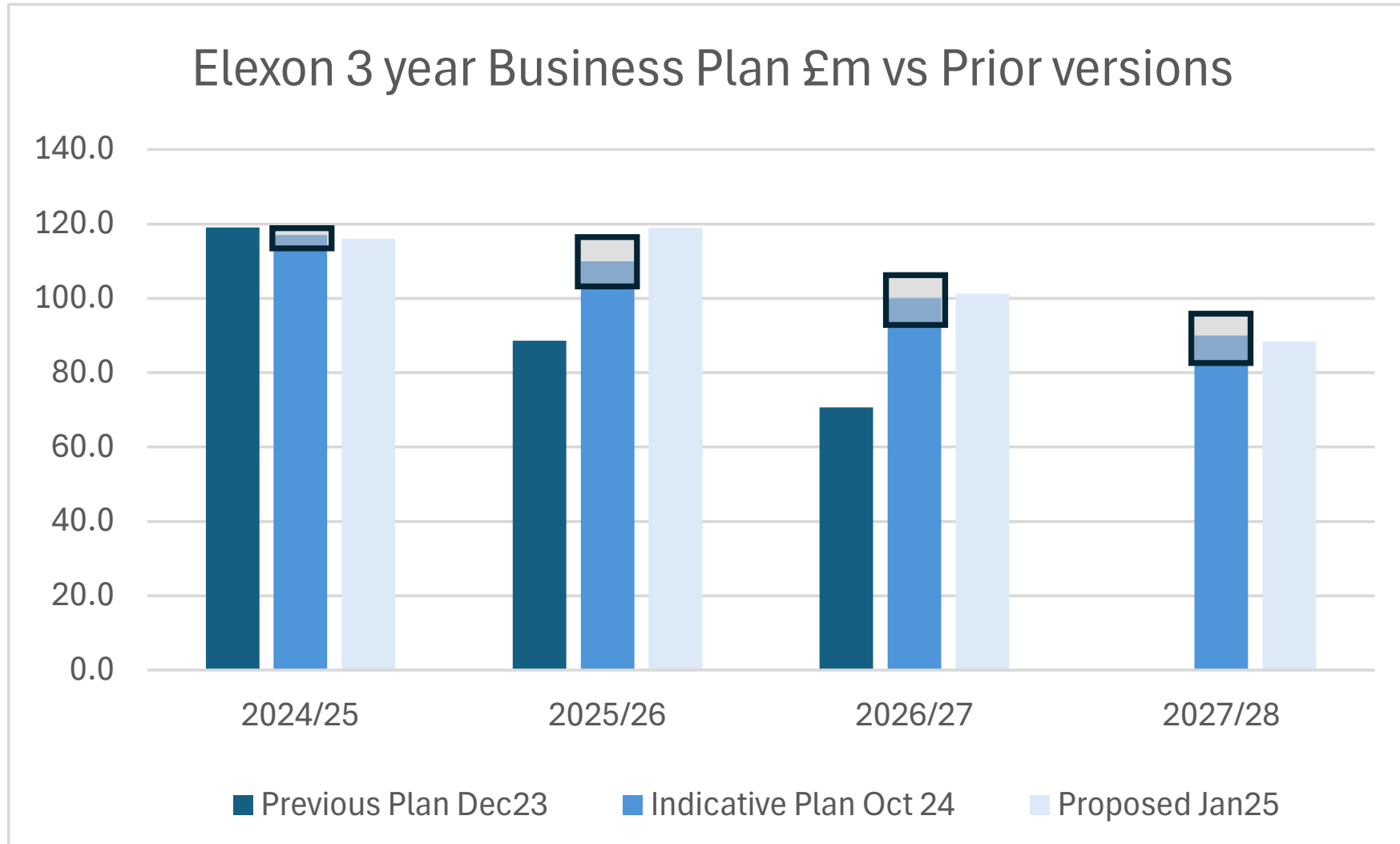


Helix Programme expenditure changes £m



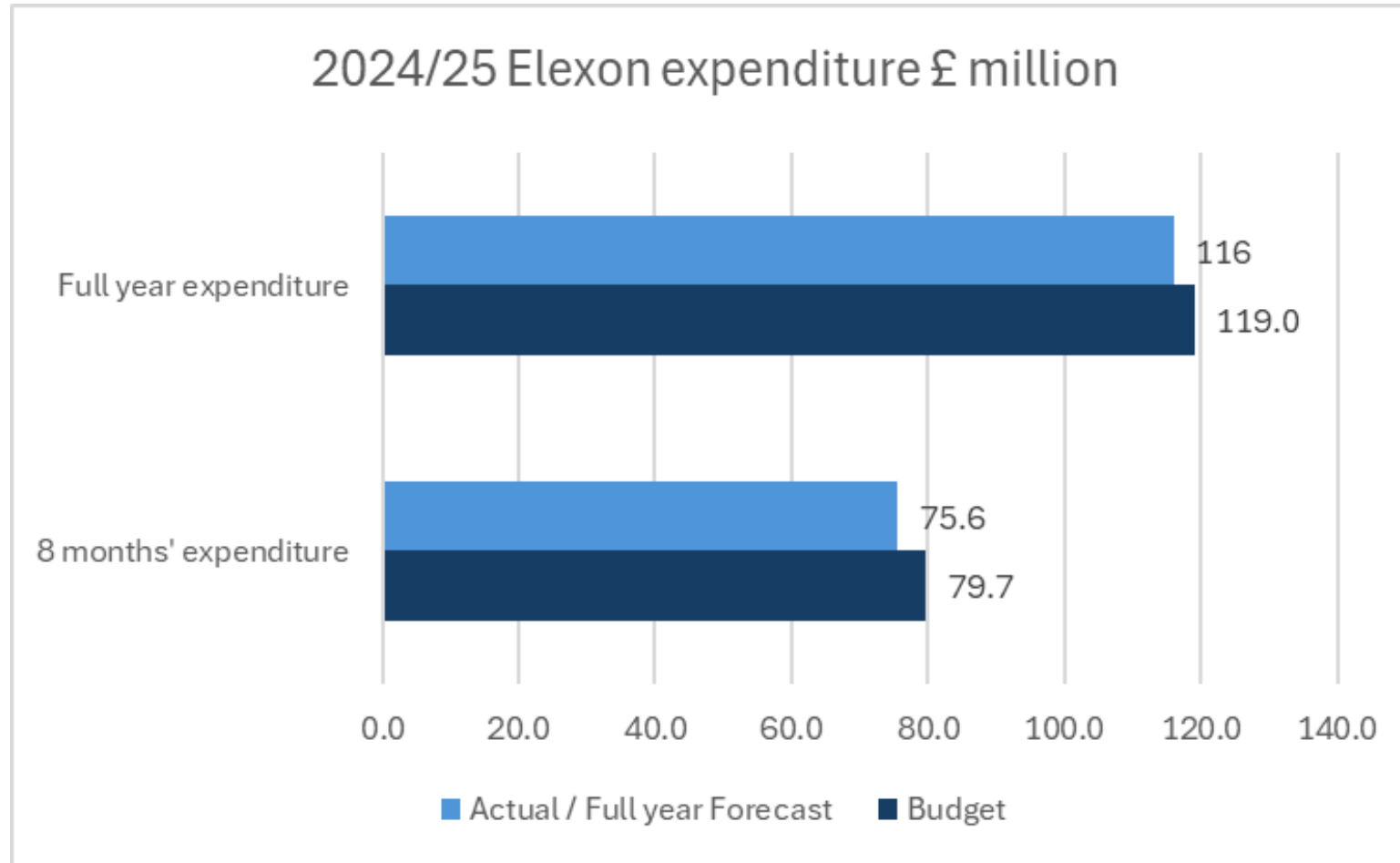
- Stacked bars show breakdown of new Business Plan costs split by previous projection, CR055 movement of milestones, and reinforcement of key activities
- For both programmes, the increase is approximately 2/3rd delay and 1/3rd complexity

Three-year Business Plan expenditure vs prior guidance



- Proposed plan stays within the guidance issued at October 2024 update, except for £3.9m higher half-hourly transition related expenditure for 2025/26

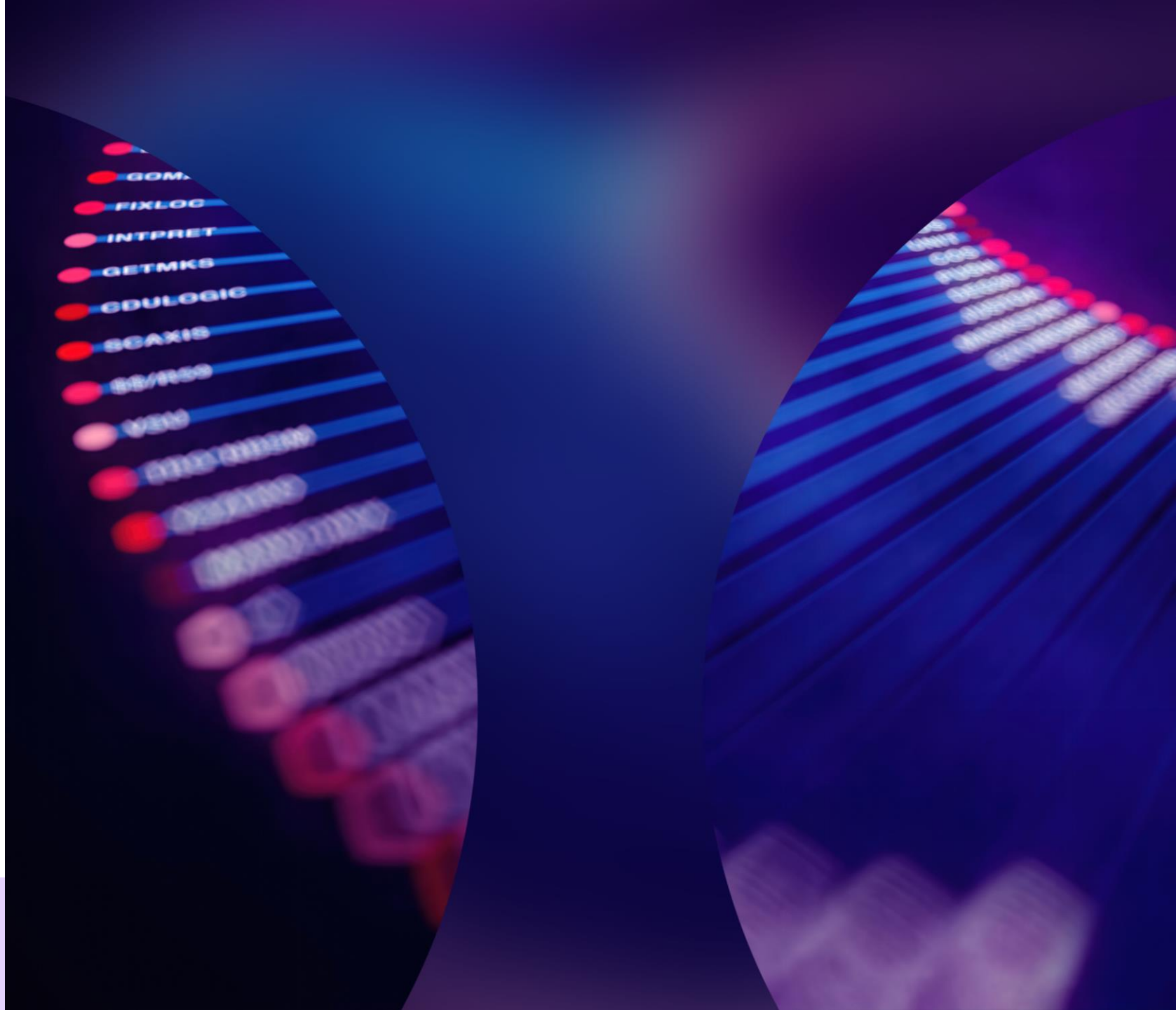
2024/25 Elexon expenditure update



- For the 8 months to end November 2024, our budget is currently £4.1m underspent
- Majority of this is expected to persist for the year end March 2025 with a c. £3m underspend expected to be returned to parties
- Savings are due to close management of demand led budget and contracted costs with our suppliers

09

Questions & Answers



Responding to the business plan

Our 2025/26 business plan is available at

<https://www.elexon.com/2024/12/19/elexon-consults-on-its-2025-26-business-plan/>

To provide feedback or ask more questions, you can email us at communications@elexon.co.uk to speak with Elexon or provide a written response by 31 January 2025.



Thank you