

12 October 2011

ELEXON wins Warm Home Reconciliation Contract

ELEXON, a core provider of services to the energy industry, has been awarded a four-year contract by DECC to implement and operate the Warm Home Discount reconciliation mechanism.

ELEXON successfully participated in a competitive tender process and will operate the reconciliation mechanism from December 2011, following a two and a half month implementation phase.

The Warm Home Discount scheme Core Group requires participating electricity suppliers to provide rebates (the level of which is set by Government through regulation) to a targeted group of consumers that are in receipt of defined pension credits.

The purpose of the reconciliation mechanism is to ensure that scheme costs are shared equitably between the scheme's electricity suppliers such that no supplier is disadvantaged as a result of having a higher numbers of consumers eligible for the rebate.

ELEXON will operate the reconciliation mechanism using market share information provided by Ofgem and consumer numbers provided by DECC, to calculate and then process the reconciliation payments to be made or received by participating suppliers. ELEXON may also be called upon to provide dispute resolution services.

ELEXON's CEO, Peter Haigh, said: "This is an exciting day for ELEXON. I am delighted that we are able to make the industry's existing investment in financial settlement systems and processes work harder - offering both DECC and BSC Parties real value for money – leveraging the skills, systems and expertise that is ELEXON. We will be working closely with parties as we implement the new processes and interfaces over the coming months."

About ELEXON

ELEXON delivers balancing and settlement services critical to the successful operation of Great Britain's electricity trading arrangements under the Balancing and Settlement Code (BSC). We manage processes and systems from meter to bank, handle over £1.5 billion of our customers' funds each year and interact with over 240 companies in the electricity industry. They, in turn, supply over 28 million customers.

As part of our role in ensuring that residential and business electricity settlement happens seamlessly, we are experts in procuring and managing contracts for the systems and processes we manage. We've implemented and developed one of Great Britain's largest energy industry codes, and continue to handle its day-to-day governance. We also enforce performance standards, targets and other obligations so our customers have confidence that the BSC works efficiently and fairly.

Over the past 10 years, we've managed extensive industry change: developing and introducing the NETA arrangements and rolling out the Balancing and Settlement Code into the Scottish market in 2005 (BETTA). We regularly review and re-procure our large contracts (worth over £226 million altogether), and constantly update the BSC. We are now perfectly placed to help the industry meet the challenges that it faces.

How is ELEXON looking to the future?

We're consulting widely on smart metering and smart grids, looking at how any proposed changes may affect settlement and our customers, and proactively proposing solutions. We're also considering the impact of the low-carbon economy, and particularly the challenges that electrifying transport and relying more on renewable energy sources will bring.

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