

## **Consultation Response Form**

### **Consultation on Governance, funding, and operation of an Event Driven Architecture (EDA) for Market-Wide Half-Hourly Settlement (MHHS)**

*Deadline 17 February 2022. Send to [HalfHourlySettlement@ofgem.gov.uk](mailto:HalfHourlySettlement@ofgem.gov.uk)*

**Organisation: OVO**

**Contact: Claire Hemmens**

**Is your feedback confidential? NO**

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**Question 1: Do you agree with the proposed criteria for making our decision?**

Yes.

We suggest;

- an update to Criteria 1 - updating the remit, ensuring the company who is being required to manage this has the appropriate legal “objectives” to facilitate the establishment and operation of the secure data transfer mechanism to support electricity Settlement & Forecasting.
- additional criteria - see our answer to Question 3

**Question 2: Do you have any views about the relative importance of the criteria?**

We expect Ofgem to have a scoring mechanism to assess formal responses to the criteria. Without seeing this it is hard to provide a view on importance.

**Question 3: Are there any other criteria we should consider in making our decision?**

We suggest additional criteria;

1. **ability to keep the hybrid EDA separate and independent.** Ensuring no dependencies on, or links to, other key industry services they deliver. To avoid unnecessary service issues (failures, outages, down-time), risks to each other, or creating a “single point of failure” risk. We say this in light of the issues being faced now with key industry services (services we were reassured would be separate when consulted) where a new CSS issue has arisen around its architecture and dependencies for smart and switching, where downtime or outages can affect each other. Management of the CSS is set out in the REC, with limited governance mechanisms in place to ensure the right outcomes are achieved with the DCC and its service providers.

2. **strategic oversight capability, with ability to consult affected EDA Service Market Participants;** for effective management of the EDA operation and governance. Providing design integrity for decisions. Ensuring EDA is cohesive, for all the services in that stack.
3. **ability to provide transparent, third party service management;** including publication of requirements (which informed the contract), contract and provider performance assurance management, and mechanism in place to give the code body, & its assessor performance body, recourse with the service provider [whilst avoiding service credits if the performance or outcomes are not met].
4. **ability to commission an independent audit of service performance** - with transparent reporting of findings, available to customers (Suppliers, DNOs, etc).
5. **ability to provide the full set of test environments, data and scale required for this programme - where these must include;**
  - a. testing availability separate to production,
  - b. a full size performance & capacity test environment (at the scalability required for this programme), that is accessible to all parties (Suppliers, DCC, Distributors, Generators etc).
  - c. test environments for development work and, separately, to test upcoming releases. In the enduring world the minimum acceptable is: one environment at Production level and one at "next release" level (taking into account the inevitable programme change releases).
  - d. data used in these environments must represent the Production data and be in line with the data in the testing parties' systems.
  - e. a full regression test must be performed to ensure all existing processes and systems remain working and are in no way affected, either in functionality or performance - as the existing system will be running in parallel to this new implementation.

**Question 4: Should the EDA governing body have objectives to provide accurate and timely support for the settlement process and to further consumers' interests through the appropriately controlled use of data?**

**If not, please provide reasons and set out alternative objectives, also with reasons.**

OVO agrees the new EDA operating/governing body should have objectives for accurate, timely service support.

To be clear, we see the scope of this aligns with MHHS. Looking at settlement processes/data and for use of that data beyond settlements, supporting customer service processes. Ofgem have acknowledged this via their Final Business Case, where they hope the use of Settlement data can go on to inform the services offered to the customer.

We do not believe that the timely service should be "real-time data" at any cost. If accurate, timely, response times which deliver the right settlement outcomes can be achieved in near-real-time data and this comes at more efficient cost, with no detriment to settlements or forecasting data available, then this should be included.

**Question 5: Do you agree that electricity suppliers, supplier agents, DNOs, generators, National Grid (NG) ESO, consumers and energy service innovators should be represented in the governance of the EDA? If not, please give reasons. Should any other categories of party be represented in the EDA governance?**

Yes, all market participants who will have to use the EDA to send/receive the new MHHS data to fulfil the new Service processes should have both rights and responsibilities under the new arrangements.

- Rights - to take use the EDA to fulfil their Service Role requirements set out under the new BSC MHHS arrangements.
- Responsibilities - to qualify to take the service, perform appropriate performance assurance with evidence, to pay for the development, build, test, operation and change of the new EDA.

**Question 6: Do you agree that electricity suppliers, supplier agents, DNOs, generators and NG ESO should all take a share in funding the EDA? If not, please provide reasons. Should any other categories of party take a share in funding the EDA? We would be interested in any proposals as to the proportions by which the funding requirement should be shared between these parties.**

All market parties who will use the EDA should play their part in funding the implementation, governance and operation of the EDA. Funding contributions should be calculated by a fair methodology, with the split calculated by their use of EDA, for example on a transactional basis.

- We believe contributing parties should include Electricity Suppliers, the new electricity market Service Role participants (known today as Supplier Agents), Distributors.
- If the MHHS design concludes that Generators, Innovators and NG the Electricity System Operator will use the hybrid EDA they too should be included in the funding contribution split methodology applied under the relevant code. This methodology should be proportionate to each party type.

In all cases this may mean an update to the code parties and the charging sections of the code used as the legal vehicle to deliver EDA for MHHS. We expect this to bring new, limited accession and qualification requirements, which need to be factored into the MHHS Programme replan for build, test, implement, where the latter step includes key qualification activity before transition or use can occur.

**Question 7: With reference to each of the criteria and objectives, including any additional ones you propose, to what extent do you agree that the governance, operation, and funding of the EDA should be managed through BSC and delivered by Elexon?**

The BSC is a mature code, adjusted over time to fulfil its remit and objectives. With corporate and industry memory, and experience, managing services and data for Settlements purposes. It will contain the majority of the new MHHS rules for the market to meet.

If the BSC is the eventual home for the MHHS EDA, then the code & code company should have its objectives updated to ensure its focus is not only on the pure science of settlements and forecasting, but include driving the right outcomes for end consumers, in an efficient, effective and cost-efficient way. It will need to ensure amendment of the MHHS hybrid architecture works alongside the business and technical, processes and systems in place under all code arrangements for MHHS.

**Question 8: With reference to each of the criteria and objectives, including any additional ones you propose, to what extent do you agree that the governance, operation and funding of the EDA should be managed through the REC and delivered by RECCo?**

At it's code the REC has been set up to promote positive outcomes for consumers whilst promoting more efficient and effective outcomes for the market participants. It is a newly established code, yet to deliver a proven track record.

If the REC is the eventual home for the MHHS hybrid EDA, then the code & code company should have it's objectives updated to ensure it's delivered the right outcomes to ensure it supports electricity settlement and forecasting, in an efficient, effective and cost-efficient way. It will need to ensure amendment of the MHHS hybrid architecture works alongside the business and technical, processes and systems in place under all code arrangements for MHHS.

**Question 9: Is there any other governance mechanism and party that you consider would be better placed than BSC/Elexon or REC/RECCo to govern, operate and fund the EDA? If there is, please substantiate your response by reference to each of the criteria and objectives (including any additional ones that you propose).**

No.

Looking at the existing regulatory framework and agreements in place, OVO agrees that the 2 live industry codes;

- (the electricity Balancing & Settlement Code (BSC)
- and the dual fuel Retail Energy Code (REC))

identified by Ofgem, are the right ones to be assessed for the home of the EDA platform and remaining DTN. Both codes deliver related market arrangements linked

to the market area being looked at under MHHS; each has their benefits and each will need amendment to appropriately support MHHS.

OVO does not believe there are other existing agreements which need to be included for assessment and would not support any new additional agreement/arrangement being introduced to the electricity regulatory framework.