

Response Form

Consultation on Governance, funding, and operation of an Event Driven Architecture for Market-Wide Half-Hourly Settlement

The deadline for responses is **17 February 2022**. Please send this form to
HalfHourlySettlement@ofgem.gov.uk once completed.

Organisation: SSE Energy Supply Limited

Contact: Mark Jones

Is your feedback confidential? NO ☒ YES ☐

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

We would question why the EDA is specifically asked about in isolation when the MHHS Programme will also use existing flows under the DTN and so there will, at least initially and for some time afterwards, be a hybrid solution before a potential progression to full EDA, which itself is not guaranteed. As different codes currently manage DTN flows and MDD, there could be implications of a two tier governance framework depending on who gets the EDA role.

The consultation specifically references the Target Operating Model (TOM), but there is no reference to the Service Operating Model (SOM), with the TOM already being under Elexon. We see the TOM as being the intent through design of 'how things are done' and the SOM as the actual delivery support model of 'who manages the process'.

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

There would appear to be a natural division between governance versus operating and funding. We would question whether one party has to do it all, or if there is a natural split between one party possibly providing governance and another receiving funding and providing SOM capability. We see the governance processes as being the key element under EDA as they will need to be dynamic to respond quickly to necessary changes.

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

With regard to governance, Ofgem is currently looking at code consolidation which may have advanced somewhat by the time the EDA is implemented and so we believe that future code consolidation and governance thoughts or plans should be a factor. Ofgem mentions this in their consultation document, and so given the timescales of the MHHS Programme we would question why a decision on EDA governance needs to be made so soon, as the consultation document states it is expected to be made by March 2022. Different parties may be better at implementing and operating an EDA than they are at governance processes.

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.

Yes, the support model is crucial and a business critical element of the service. The support objectives should be set 'by design' through the TOM and fulfilling those target criteria should be delivered under the SOM. The support model for the service will include end-to-end parties including suppliers, but fulfilling the non-functional requirements may be beyond the remit of any single party. There needs to be technology in the EDA for error tracking and exception handling which is likely to be outside of any TOM or governance remit.

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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?

We agree that the representation is entirely reasonable and sensible. However, the question then arises around 'proportional' representation and voting which may be aligned to 'funding levels' which may not result in a level playing field for all affected parties. Further thoughts and discussions are needed on representation and can be undertaken after the appointment of the EDA, especially if Ofgem makes its MHHS EDA governance decision by March 2022. We would expect this to be discussed further at a workgroup when the necessary modification is raised under the relevant code.

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.

We believe that the funding requirements should be largely based on usage of the EDA infrastructure and the numbers of messages sent through it. However, there are questions as to the proportion each different party type should fund. Further thoughts and discussions are needed on funding mechanisms and proportionality and can be undertaken after the appointment of the EDA, especially if Ofgem makes its MHHS EDA governance decision by March 2022. We would expect this to be discussed further at a workgroup when the necessary modification is raised under the relevant code.

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?

We do not agree that any of the existing codes are fit for governing EDA, because the high complexity and the low speed of the existing governance processes just aren't fit for purpose. We are likely to see a repetition of the same mistakes that were made when the governance processes underpinning the Smart Energy Code were created. They have been, and still are, responsible for most of the delay in delivery of Smart and, most seriously, they have hindered the value of the technology, so that when it is finally delivered it will deliver a legacy solution. The same mistake must be avoided at all costs. Due to the nature of EDA, a fast and dynamic governance solution must be created, and something similar to the MHHS Programme delivery could be created, where the EDA is managed independently by a separate part of Elexon that does not necessarily fit directly under the BSC.

It is unlikely that the current funding model of BSCCo would fit into the funding of EDA and so there may be issues funding EDA under the BSCCo unless bespoke EDA arrangements were created.

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 the EDA should be managed through the REC and delivered by RECCo?

As for the answer to question 7, we would like to reiterate that we do not agree that any of the existing codes is fit for governing the EDA, because the high complexity and the low speed of the existing governance processes just aren't fit for purpose. We are likely to see a repetition of the same mistakes that were made when the governance processes underpinning the Smart Energy Code were created. It is our opinion that since the go live of the REC the governance process (amongst other things under the REC) has not worked well and we have no confidence that the current structure of the REC would effectively manage the EDA. As with the suggestion under Elexon a separate governance process / organisation under RECCo may be an option where the EDA is not subject to the REC governance process.

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).

We would question whether the governance and funding/operation of the MHHS architecture can be exclusive as there is inherently a split separation of responsibilities under the BSC and the REC because the MHHS architecture is hybrid and transitional, i.e., parties can use the DTN rather than EDA initially. Therefore, a hybrid approach may work well, at least in the interim. There is also an issue that depending on the governance and funding of the EDA, it could incentivise parties to continue using the DTN as the preferred solution for some data transfer requirements where a choice is available.