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| **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***](mailto:HalfHourlySettlement@ofgem.gov.uk) *once completed.*

Centrica Plc

**Organisation:**

Kirsty Ingham, Kevin Woollard

**Contact:**

**Is your feedback confidential?** NO YES

Unless you mark your response confidential, we will publish it on our website, [www.ofgem.gov.uk](http://www.ofgem.gov.uk), and put it in our library. You can ask us to keep your response confidential, and we will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your response confidential, you should clearly mark your response to that effect and include reasons.

If the information you give in your response contains personal data under General Data Protection Regulation (EU) 2016/679 and Data Protection Act 2018, the Gas and Electricity Markets Authority will be the data controller. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. If you are including any confidential material in your response, please put it in the appendices.

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

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| We broadly agree with the proposed criteria for making the decision. |

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

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| In our view highest weighting would be given to criteria such as:   1. Value for money 2. Track record in operating similar services 3. Ability to securely manage data 4. Overarching consumer focus 5. Strategic fit with other code objectives   Value for money for industry and consumers is our most important criterion, but clearly must be considered alongside service provision and reliability. |

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

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| The only area we could see that was possibly missing was “ability to innovate or track record in delivery of innovation”. |

**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.**

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| We agree that the EDA governing body should have objectives to provide accurate and timely support for the settlement process and to further consumers’ interests through the appropriately controlled use of data. |

**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?**

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| We agree that electricity suppliers, suppliers agents, DNOs, generators, National Grid ESO, consumers and energy service innovators should be represented. We would also suggest the addition of consumer advocates for clarity. |

**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.**

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| Any party which benefits commercially from the use of the EDA should contribute to the funding of the EDA. This could therefore also include energy service innovators. |

**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?**

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| 1. Extent to which the organisation's remit can support the governance, funding and operation of the EDA, now and in the future   In our view Elexon via the BSC is well placed to support the governance, funding and operation of the EDA. They have a track record in delivering complex projects and implementing bespoke funding arrangements to support various market funding models.   1. Strategic long-term fit of the EDA within future energy system architecture   Elexon is a good strategic fit for the EDA as a core feed-in to settlement. In terms of achieving long-term strategic fit within energy system architecture, Elexon and the BSC would need to develop outside current scope e.g. in sharing consumption data for retail product development and operations.   1. Experience and capabilities relevant to procuring and overseeing a system similar to the EDA.   We believe that Elexon via the BSC has the relevant experience and capabilities to procure and oversee systems relevant to the EDA.   1. Ability to put appropriate funding arrangements in place for the EDA in a timely manner   We believe that Elexon would be able to put appropriate funding arrangements in place for the EDA in a timely manner.   1. Ability to put appropriate governance arrangements in place (for example, handling change, role of parties in governance)   Elexon via the BSC has a track record of operating complex governance arrangements and managing change therefore we believe that they could put appropriate governance arrangements in place to support the EDA platform.   1. Stakeholder relationships   We believe Elexon has previously had effective stakeholder engagement processes in place and should be well placed to replicate these for the operation and governance of the EDA platform. We are however, concerned with some of the decisions by the MHHS programme to continue to push ahead with technical design of the target operating model with only minimal engagement from Supplier parties due to significant and unprecedented pressures currently experienced in the retail energy market.   1. Value for money, efficiency including ‘whole-of-system’ efficiency, and cost effectiveness   We are unable to provide a view as to whether Elexon via the BSC provides better value for money than RECCo via the REC. On the face of it Elexon compares unfavourably with RECCo with a total overall headcount of 171.4 FTE within an overall budget of £98.2m compared to RECCo with an overall headcount of 30 FTE within an overall budget of £28.6m. However without further transpancy of how these costs are made up it is difficult to reach a final conclusion.   1. Synergy with other services provided by an EDA operator, for example in terms of • Customer journey • Costs • Operations • Governance   We believe that Elexon does have synergies with the services that an EDA operator would provide. These synergies include providing data to industry participants at scale, providing governance and change management services for complex systems and contracting services for operating cloud based systems.   1. Ability to ensure security and privacy of the service to an accreditable and certifiable standard   We believe Elexon will be able to ensure the security and privacy of the service to an accreditable and certifiable standard as Elexon currently provides services that meet these standards.   1. Information Security and Quality Assurance capability, covering Disaster Recovery and other Cloud Management capability   We believe Elexon has information security and quality assurance capability including disaster recovery and other cloud management capability.   1. Ability to operate the service in a way that does not distort competition and provides a level playing field   We believe Elexon has a track record of operating services that do not distort competition and in providing a level playing field. These values are promoted through the BSC applicable objectives. |

**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?**

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| 1. Extent to which the organisation's remit can support the governance, funding and operation of the EDA, now and in the future   We believe the RECCo via the REC can support the governance, funding and operation of the EDA. The current REC funding model including the Charging Methodology Schedule is flexible enough to accommodate an EDA charging model which charges all users who benefit from its services.   1. Strategic long-term fit of the EDA within future energy system architecture   We believe that the REC is better placed than the BSC to meet the long term strategic fit of the EDA. The types of data that it is envisaged will be held within the EDA and it’s intrinsic links with the switching arrangements make the REC better placed than the BSC to govern and operate the EDA.   1. Experience and capabilities relevant to procuring and overseeing a system similar to the EDA.   We understand that the MHHS programme will be responsible for procurring the EDA. The REC has only recently “gone live” and does not have the track record that Elexon has in overseeing systems similar to the EDA.   1. Ability to put appropriate funding arrangements in place for the EDA in a timely manner   We believe that RECCo would be able to put appropriate funding arrangements in place for the EDA in a timely manner.   1. Ability to put appropriate governance arrangements in place (for example, handling change, role of parties in governance)   RECCo has recently procured services to support the governance of the REC. Is is too early to say whether these arrangements would provide better value for money than Elexon via the BSC. We do however, believe that RECCo could put appropriate governance arrangements in place.   1. Stakeholder relationships   RECCo has recently procured and put in place code manager services to manage stakeholder relationships on behalf of the REC. It is too early to say whether these will provide better value for money than Elexon via the BSC.   1. Value for money, efficiency including ‘whole-of-system’ efficiency, and cost effectiveness   We are unable to provide a view as to whether RECCo via the REC provides better value for money than Elexon via the BSC. On the face of it RECCo compares more favourably than Elexon with a total overall headcount of 30 FTE within an overall budget of £28.6m compared to Elexon with an overall headcount of 171.4 FTE within an overall budget of £98.2m. However without further transpancy of how these costs are made up it is difficult to reach a final conclusion.   1. Synergy with other services provided by an EDA operator, for example in terms of • Customer journey • Costs • Operations • Governance   We believe that RECCo does have synergy with other services provided by an EDA operator. These services have all recently been put in place by the REC.   1. Ability to ensure security and privacy of the service to an accreditable and certifiable standard   RECCo has recently put in place security and privacy arrangements to an acredditable and certifiable standard.   1. Information Security and Quality Assurance capability, covering Disaster Recovery and other Cloud Management capability   We believe that RECCo has information security and a quality assurance capability including disaster recovery and other cloud management capability. However due to the shorter period that REC has been in place we believe that RECCo has a less proven capability than Elexon.   1. Ability to operate the service in a way that does not distort competition and provides a level playing field   We believe RECCo has put in place arrangements to operate that do not distort competition and provide a level playing field. |

**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).**

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| We have not identified any other governance mechanism that we consider would be better placed than BSC/Elexon or REC/RECCo, although this view should not be seen to preclude consideration of other mechanisms or parties. Should any further options be identified, we suggest further consultation on their suitability should take place, including against the criteria developed as a result of this consultation process. |