

By email

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Dear Rachel,

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

Thank you for the opportunity to submit our assessment of the potential strategic fit for the EDA platform to being developed as part of the MHHS programme to governed and operated under the Retail Energy Code (REC). As our views are set out at length as part of that submission, we have not sought to repeat them here, but further to your recent conversation with Sid Cox we do appreciate the opportunity to provide some supplementary comments, to the extent they were not set out explicitly against the proposed criteria for assessment, as appended to our submission.

Strategic long-term fit of the EDA within future energy system architecture

While we did not provide a specific numbered response to this criterion, it was hopefully clear that our main document was aimed at explaining what we consider to be the direction of travel for the GB energy market, and therefore how we believe the EDA may fit within the future system architecture of that market.

As noted in our submission, changes in consumption behaviour and the wholesale participation of prosumers will require the adoption of new products and services that are an essentially retail value proposition. While central settlements will of course continue to play a critical role in the market, it is only one of many roles and the EDA must be developed to meet the needs of all market participants. While the design of the EDA must appropriately be focused on meeting the requirements of the MHHS programme, it is hoped that it will in due course also offer the flexibility to incorporate the emerging needs of the wider market. In the past, market participants have had to adopt sub-optimal business processes imposed by the constraints or prohibitive expense of changing central systems. Anticipating the potential use cases of the EDA platform beyond traditional central settlements, and with a potentially wider set of users than current settlement systems, may facilitate such flexibility and allow for agile future development of the platform.

Information Security and Quality Assurance capability, covering Disaster Recovery and other Cloud Management capability

RECCo currently operates seventeen different services under the REC, many of which involve information systems operating on different platforms. This includes services such as the Electricity Enquiry Service (EES), and will shortly expand to include the equivalent Gas Enquiry Service and the Central Switching Service (CSS). Each of those services has been developed independently to meet different sets of requirements, and varying groups of users. However, each adheres to a robust set of standards for information security and disaster recovery, etc. For instance, the CSS will be certified against ISO/IEC 27001, while its cloud base infrastructure will be assured with SOC Type 2 security certification. These requirements were developed as part of the Switching Programme but will continue to be assured under the REC as part of the overall performance assurance framework. We would similarly expect that the security requirements of the EDA will be determined by the MHHS programme rather than its future operator, albeit with an appropriate degree of input.

In respect of business continuity and disaster recovery, we would again expect the EDA to adhere to recognised best practice. For instance, the EES is subject to robust application security testing and penetration testing at least annually. In the event that a BCDR event is triggered, the target for the service to come back online is four hours.

Whilst we would expect the EDA to warrant such high standards for security etc, it is also important to ensure that the any security or BCDR arrangements remain proportionate to the sensitivity of the systems themselves and do not impose unnecessary cost and other constraints on users. There may in some cases be an appropriate trade-off between the merits of adopting bespoke arrangements, even if that places a greater administrative burden on the common systems operator.

Ability to operate the service in a way that does not distort competition and provides a level playing field

The REC is an inclusive and accessible code, designed to facilitate and champion beneficial change, whether driven by traditional market participants or innovative and disruptive business models. These design principles were adopted for the development of the REC as a direct response to the CMAs finding of adverse effect on competition arising from the traditional industry codes arrangements. RECCo itself has adopted the operating model of being an intelligent customer, procuring outsourced services on behalf of REC Parties. We are therefore technology agnostic and do not have the conflicts of interest that can otherwise arise through also fulfilling the role of service provider, particularly in respect of systems.

We have embraced a collaborative whole-of-system approach, both in our change procedures which allow any interested party may raise a REC Change Proposal, and in our performance management arrangements. For instance, we welcome the fact that Elexon has a seat on both our Metering Expert Panel and Performance Assurance Board. We seek to ensure that all REC service may be accessed on equitable terms, with no differentiation in service delivery between REC Party and non-Party users. If RECCo is chosen to operate the EDA, we would similarly ensure that all users of that platform receive equitable treatment, ensuring that we fulfil our mission statement and objectives of promoting innovation and competition.

Conclusion

We consider that either Elexon or RECCo could competently discharge the role of EDA operator. Our respective organisations governing codes may not of themselves be a determining factor, insofar as they could be adapted to meet the operation needs of the EDA and its users. However, we would encourage Ofgem to ensure that whichever organisation is chosen to operate the EDA is also required and empowered to make whatever changes may be necessary to ensure likely EDA users who may not currently be party to the relevant code are appropriately enfranchised.

Yours sincerely,

Jon Dixon,
Director, Strategy and Development