

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: ScottishPower

Contact:

Is your feedback confidential? NO ☒ YES ☐

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

ScottishPower agree that the proposed criteria is comprehensive and will enable a decision to be made. We do not believe there is anything additional to be considered.

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

Whilst all criteria is important in making a decision we believe that

1 (Funding), **2** (Long term), **3** (experience), **7**(Cost) and **8** (synergy) have the highest level of importance.

1) Funding is important whichever code body delivers the new EDA and specifically the way in which it will be recovered from parties who will benefit from it. Recovery method should depend on cost drivers which should be transparent and could be a combination of MPXN count, EDA usage, kWh or some other metric reflecting the cost drivers.

2) We see the long term benefits as crucial, specifically the possibility of providing a dual fuel service which as we move forward with REC and the alignment of the Gas and Electricity market would prove to be a valuable service.

3) Experience is of high importance to ensure the successful delivery of the new EDA.

7) Value for money is paramount in the delivery of the new EDA and cost must be reflective of the service it will deliver, shared fairly and equally across parties who will utilise and benefit from the service.

8) As this is a new service, we believe that there should be comparison and synergies with other service providers to ensure that the solution delivers what is intended and cost reflective.

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

No, per our response to question 1, we believe that the criteria that has been set is comprehensive enough to make a decision.

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 EDA is fundamental in ensuring accurate Settlement, accuracy and timing is paramount and therefore we believe that clear objectives are given to the governing body to achieve this.

We have recently seen a number of Data Transfer Service issues which have prevented files from being sent and received. It is therefore paramount that the governing body ensures timely support is in place to mitigate the risk of these issues taking time to resolve.

Ideally we'd like to see the governance of DTN and EDA brought into the ambit of a single administrator with the objective of ensuring the most economic transition from DTN to EDA and to minimise the period that industry suffers the costs of both systems.

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?

While we are comfortable with the governance being as open as possible, we would be concerned about potential conflicts of interests. We would strongly recommend that clear measures are in place to avoid conflicts of interests. Any voting rights should follow the existing change processes (and Boards / Panels) for whichever code is selected for that period of time. For example, "industry innovators" may include companies that could bid for key industry contracts or changes to REC and may receive an unfair competitive advantage by being a full participant (including voting rights or ability to raise changes).

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 any party that will benefit from the EDA should take a share in the funding and this should be split fairly.

We would welcome Ofgem's views on how this should be integrated into the price cap calculation for transparency.

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?

EDA governance and funding should be under BSC and managed by Elexon. However, EDA governance and funding should be reviewed as an integral part of any transfer of responsibilities from BSC to REC to ensure that it continues to reflect the needs of the code and the evolution of the EDA with the majority dependency on EDA whichever that might be from time to time.

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?

EDA is critical to the delivery of Market-wide Half-Hourly Settlement. Once operational, governance and funding should be under the aegis of BSC and Elexon, not REC and RECCo.

Having said this, ScottishPower recognises the benefits of EDA to the wider energy utility sector and anticipate that the benefits to industry and consumers will increase as EDA encompasses wider industry processes and also Gas.

However, any such future transitions should not be discounted into the initial arrangements for EDA until they are certain and comprise the majority of EDA dependencies.

At this point EDA governance can be lifted and shifted from BSC to REC (in a manner similar to that done for Meter Operator governance) when DTN is replaced and UNC-transition plans are approved

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, we consider the best place would be BSC / Elexon for MHHS moving to REC / RECCo over time as the scope can be extended.

We do have some concerns regarding the costs and administrative burden of the current industry arrangements and have continued to strongly encourage efficiencies and rationalisation within the industry codes. To minimise the impact on the industry the EDA has to be implemented and run with maximum efficiency (for example using existing change processes / structures).