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Ofgem
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6 June 2022

Dear Rachel,

Statutory consultation on proposals to modify Electricity SLC47: “Smart Metering – Matters Relating to Obtaining and Using Consumption Data”

Thank you for the opportunity to respond to this consultation.

We very much welcome Market-wide Half-Hourly Settlement (MHHS) as an opportunity to achieve more accurate electricity settlements quicker, delivering benefits such as better forecasting, the ability to promote load shifting to reduce energy system costs and reduced credit cover.

Our answer to the consultation question is in Annex 1, but we would also offer the following observations.

A successful transition to half hourly settlement is contingent on sufficiently widespread deployment of smart metering and the availability of a stable and fully functioning DCC. While the proposed timetable to MHHS might be achievable with respect to the implementation of the planned central systems, current uncertainties surrounding smart meter supply chains and ongoing problems with the communications to installed meters make it far less likely that the necessary functioning smart meter estate will be in place.

As we explained in our response to the draft impact assessment consultation (September 2020), although we agree that MHHS will benefit export-related MPANs, we think that MHHS of export should await completion/stabilisation of MHHS for import to allow for ironing out of any latent issues. Noting that business readiness will likely vary from supplier to supplier, we are also concerned that the current proposals introduce the risk of export suppliers being made non-compliant, as they would be required to HH settle any export from the point at which the import supplier migrates the meter to the MHHS system. It may be that such a consequence is unintended, but in that case the requirement should be focused solely at an MPAN level.

Our response to the draft impact assessment consultation also noted our support for a Data Access mandate. It is disappointing, therefore, to find suppliers being asked to

implement complicated arrangements that will likely make little sense to consumers. Indeed, we expect the proposed requirement to provide customers with information explaining the benefits of HH settlement risks leaving customers bemused – and perhaps wondering what the catch is. In general, we think that messaging to consumers on HH data has already been hampered by an over-simplification of the arguments in support of smart metering, and we believe there is a need for Ofgem and consumer advice bodies to provide a clear message to consumers that more effectively explains the longer-term benefits of timely access to granular data.

Overall, we are concerned that the timing of the MHHS programme delivery may now be out of sync with both the progress of smart metering deployment and the financial pressures currently facing consumers and the market more generally.

I trust that you will find this response helpful; however, should you wish to more fully discuss the issues raised, please do not hesitate to get in touch.

Yours sincerely,



Richard Sweet
Head of Regulatory Policy

STATUTORY CONSULTATION ON PROPOSALS TO MODIFY ELECTRICITY SUPPLY LICENCE CONDITION 47: “SMART METERING – MATTERS RELATING TO OBTAINING AND USING CONSUMPTION DATA” – SCOTTISHPOWER RESPONSE

Question 1: Do you agree that the proposed changes are best calculated as part of its Electricity Settlement Reform SCR, enabling effective implementation of MHHS?

While the proposed changes to SLC47 would ensure appropriate access to data needed to deliver the intent of the data access policy decisions taken by Ofgem, we are less persuaded that a policy of consumer choice in this area is the right one. Settlements is, in essence, a back-office activity. Therefore, while we support a Data Access mandate, it is important that the mandate is not undermined by a requirement for complicated arrangements that will likely make little sense to consumers. Indeed, we expect the proposed requirement to provide information explaining the benefits of HH settlement will risk leaving customers bemused – and perhaps wondering what the catch is.

In general, we think that consumer messaging on HH data has already been hampered by an over-simplification of the arguments in support of smart metering and we believe there is a need for Ofgem and consumer advice bodies to provide a clear message to consumers that more effectively explains the longer-term benefits of timely access to granular data.

We also think that MHHS of export data should await completion/stabilisation of MHHS for import data to allow for ironing out of any latent issues. Noting that business readiness will likely vary from supplier to supplier, we are concerned that the current proposals introduce considerable risk of export suppliers being made non-compliant, as they would be required to HH settle any export from the point at which the import supplier migrates the meter to the MHHS system. It may be that this is unintended, but in that case the requirement should be focused solely at an MPAN level.

ScottishPower
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