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Sent via email to industrycodes@ofgem.gov.uk

Industry Codes

Ofgem

cc: Jonathan Coe

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Dear Industry Codes

RETAIL ENERGY CODE CHANGE PROPOSAL R0093 - UPLIFT TO CSS MAXIMUM DEMAND VOLUMES DURING MHHS MIGRATION PERIOD

Please find attached a Self-Governance Appeal pack for this Change Proposal. The Change Proposal was deemed to meet the criteria for a self-governance Change Path, with the final decision being the responsibility of the Technical Expert Panel (TEP).

The TEP agreed with the Code Manager's recommendation to approve the Change Proposal and the approval was confirmed via an ex-committee process on 24 January 2024.

The Data Communications Company (DCC), in their REC Party role as the Central Switching Service (CSS) Provider, notified the REC Code Manager of their appeal on 08 February 2024 and submitted a Self-Governance Modification Appeal directly to the Authority on the same day.

BACKGROUND

R0093 was raised in February 2023, by the Retail Energy Code Company (RECCo) as a supporting change to the Market-wide Half Hourly Settlement (MHHS) programme. The change seeks to make the necessary updates to the REC, primarily to the CSS Service Definition, to ensure that the CSS Provider is appropriately prepared for the increase in message volumes that will be created during the MHHS programme migration period without impacting the wider Switching arrangements or MHHS migration plan.

PROGRESSION OF THE CHANGE PROPOSAL UNDER THE REC

The Initial Assessment Report (IAR) and Change Proposal Plan for REC Change Proposal (R0093) were presented to the Change Panel on the 04 April 2023.

The report reflected that at the time of publishing, the detailed design to support the MHHS Target Operating Model was complete and the migration design was in its final stages of definition. The migration process involves the appointment of MHHS supplier agents - Metering Equipment Managers (MEMs), Data Services and Smart Meter Data Retriever (SMDRs) – and the de-appointment of legacy Supplier Agents – existing MEMs, Data Collectors and Data Aggregators. Appointments and de-appointments result in CSS messages to update the CSS and Smart DSP with details of the current agent and therefore the migration process will create additional message volumes. All central systems, including the CSS, will need to be able to manage this increased volume of messages during the migration period, to accommodate the migration of approximately 31 million MPANs to the MHHS arrangements (in addition to business as usual (BAU) requirements). Under the REC, the CSS Service Definition does not currently require CSS to be capable of processing these additional volumes.

The IAR also reflected that although solution development, with the involvement of the impacted parties, had commenced in parallel to the initial assessment, further solution development would be required and a period of Service Provider impact assessment would be needed to fully inform the solution.

The IAR identified that the Responsible Committee that would be making the decision on the Change Proposal would be the TEP. This was in conformity with the REC Baseline Statement, which determines the Responsible Committee according to the REC Documents and Products identified as being impacted.

The Change Panel considered the Initial Assessment Report and Change Proposal Plan and confirmed their approval of both. During Solution Development, the Change Proposal was subject to two re-baselined Change Proposal Plans.

- The first re-baseline (v2.0) on 09 June 2023, was an extension to allow additional time for completion of the preliminary impact assessment. The CSS Provider requested additional time to refine their response following a workshop to review their response, which did not provide the information in the impact assessment in the way intended by the Code Manager.
- The second re-baseline (v3.0) on 15 September 2023, was an extension to the Change Proposal Plan following completion of the preliminary impact assessment upon which determination of the next stages of the plan were dependent. A series of workshops and reviews were held with the CSS Provider to enable a shift of the approach to the proposed solution before this extension of the plan.

The draft solution from the Proposer was reviewed and documented in collaboration with the CSS Provider and Electricity Retail Data Service (ERDS) Providers. This activity included consideration of estimated volumes. However, the proposed solution itself was to follow a principle-based approach. It proposed an update to the CSS Service Definition, for the CSS Provider to accommodate the additional volumes created by MHHS migration, without defining

the volumes associated with migration as they were to be determined by the MHHS Programme. From this early stage, the Code Manager reinforced the message that the CSS Provider would need to proactively engage in the MHHS Programme in respect to the volumes and impacts to the service.

A preliminary impact assessment was requested from both the CSS Provider and ERDS Providers on the solution 04 April 2023 and 06 April 2023 respectively. For the purposes of supporting the impact assessment, a set of assumptions, agreed in advance with the Service Providers, on the estimated volumes was provided as well as questions for further clarification. Although ERDS is out of scope of this Change Proposal, the impact assessment request was made to the ERDS Providers to support understanding of the end-to-end messaging and associated volumes.

The impact assessment followed a standard approach, asking for information to be provided on any impacts to the service, with a breakdown of activities, costs and lead times for delivery of the change. Although the solution and the impact assessment had been discussed in advance and the Code Manager being available throughout the impact assessment period, the response received from the CSS Provider did not address the request as intended, so an additional 5 Working Days were agreed for their response to be refined. The CSS Provider stated that they required a better understanding of volumes, peaks and troughs in order to fully assess impacts. The response by the CSS Provider did not provide an assessment of activities and costs that would enable them to deliver the necessary changes to support additional migration volumes.

Following the preliminary impact assessment the Code Manager worked with DCC to change the approach for the solution, enhancing the principle-based approach to provide the CSS Provider with clear requirements that promote adaptable and dynamic management of additional MHHS related message volumes. These additional requirements included planning and engagement, with management by the Code Manager. The alternative approach considered was to estimate volumes and prescribe activities based on volume thresholds. However, this was deemed inappropriate by the Code Manager, as it would inhibit the CSS Provider's responsibility to respond to changes in the migration thresholds set by the MHHS Programme.

A detailed impact assessment on the revised solution was requested from the CSS Provider on 04 September 2023. The Code Manager engaged with DCC and their service providers in advance of the impact assessment being requested, once the request had been sent and during the impact assessment period to support the CSS Provider in submitting their response. The Code Manager received the response 5 Working Days after the agreed completion date. The response again did not include an assessment of the activities and costs required for enhancements to the service - for example, systems, people and governance – that would be required to support the additional volumes.

The CSS Provider confirmed in their response that the delivery of a plan to the Code Manager would not be necessary to understand the impact of MHHS migration on message volumes. An assessment was provided by the CSS Provider for activities to support engagement and planning for the additional message volumes resulting from MHHS migration. However, this engagement activity did not align to the MHHS Migration workstream activities, whereby the MHHS 'Migration Thresholds Document' consultation phase concluded on the 11 October 2023.

The CSS Provider did not complete a detailed impact assessment on the technical changes required at the appropriate stage of the process. Following completion of the impact assessment period therefore, the Code Manager reverted the solution back to the principle-based approach the CSS Provider would be responsible for ensuring the additional message volumes were processed in accordance with their service levels and not supported by more detailed obligations set out in the REC.

Throughout this process, the CSS Provider has not demonstrated a proactive approach to engaging with the relevant governance groups in the MHHS Programme, defining appropriate solutions to support the required MHHS migration volumes and taking accountability for enhancements required to the CSS in support of this. The proposed solution is intended to set a clear precedent that the CSS Provider is accountable to ensure the CSS is able to support the additional volumes anticipated as a result of MHHS migration, without negatively impacting wider switching arrangements.

The Code Manager issued the Preliminary Change Report to consultation and asked the REC Parties and wider stakeholders to consider the solution proposed on 01 December 2023. The responses included two from Suppliers, one from a Distribution Network Operator – all in support – and one from the CSS Provider which did not support approval of the Change Proposal.

FINAL CHANGE REPORT

Having considered the responses and having worked in considerable detail with the CSS Provider adapting the solution approach, closely supporting through impact assessments, extending the Change Proposal Plan and absorbing a delay to the impact assessment responses, the Code Manager concluded that although the CSS Provider did not provide costs that could be attributed to the change, a positive business case could still be established, and therefore recommended that the TEP approve the Change Proposal.

In parallel with this, RECCo had separate discussions with the DCC and agreed that funding would still be made available to implement required enhancements to the system and complete performance testing where required and as appropriate. RECCo noted that it would not be appropriate to continually delay the progression of the Change Proposal that introduces the obligation for the CSS Provider to deliver and operate the required solution, but recognised that

funding may still be required to support the CSS Provider in the developing, testing and implementation of system and process enhancements required. RECCo has received estimated cost forecasts from the DCC for MHHS readiness, which have been included in its budget proposals for Financial Years 2024/25 – 2026/27.

Following publication of the Final Change Report, the CSS Provider submitted some comments for consideration by the TEP. The Code Manager assessed the comments and shared them with TEP members. These were considered as part of the decision. Five votes were received to approve R0093. One via email, and four via the collaboration space. No comments were raised alongside any of the votes.

CODE MANAGER RESPONSE ON THE APPEAL STATEMENTS

VOLUMES

The solution that has been proposed, by design, does not specify the volumes that are expected as a result of MHHS migration. It focuses on the need for the CSS Provider to be able to manage the volumes determined by the MHHS programme within the business as usual service levels. The solution is clear that it is the responsibility of the CSS Provider to identify what those volumes are and make the necessary changes, whether technical or otherwise, to support them. Any further work the CSS Provider may need to complete in support of this will not affect the solution itself.

MIGRATION THRESHOLDS DOCUMENT

The Code Manager notes that:

- throughout solution development and impact assessment the CSS Provider agreed with an assumption that there could be three additional messages as a result of each MPAN migration – one for MEM appointment, one for MEM de-appointment, one for SMDR appointment.
- the Migration Thresholds Document currently states that the CSS Provider will receive two messages per MPAN migration, assuming the MEM appointment and de-appointment are contained in the same message (although this assumption is not documented)
- the CSS Provider, as a Central Systems Provider to the MHHS programme, has not provided any evidence that they have engaged in the development of the Migration Thresholds Document

OPTIONALITY OF RESPONSE MESSAGE

The introduction of the 'ConfirmationRequired' field in the RECM_SN_CSS00200 (SupplierArrangedAppointments) is a result of REC Change Proposal R0097 - Consequential Change for CSS Smart Meter Data Retriever Appointments. This requirement, identified by the

CSS Provider, was to introduce a mechanism to allow for the identification of Smart Meter Data Retriever (SMDR) appointment messages, such that a response can be issued for SMDR appointments only, as opposed to any other appointment messages. The optionality is so that it can be flagged on SMDR appointment messages but not others. The CSS Provider were engaged in the working group where all parties agreed this was the right approach to support the SMDR appointment solution, which is an essential part of the overall MHHS design. The Code Manager believes the intentions on this optionality are clear within the R0097 documentation and therefore for the purposes of understanding volumes in relation to migration, the assumption is that all SMDR appointments will require a response message.

RELATION TO REC CHANGE PROPOSAL R0092

The Code Manager position has been consistent that although REC Change Proposal R0092 intends to clarify the baseline volumes for the CSS Service, it will not change the solution required for R0093. This is captured in assumption R0093.CR.A008, in the Final Change Report. The R0092 solution has been clear that this is not intending to increase the maximum demand volumes associated with the service, but is intending to define what this should be as this detail is not currently defined in the Code. The Code Manager acknowledges that the two combined result in the overall volumes that the CSS Provider needs to consider to be able to manage the additional volumes, however R0093 only looks to address management of migration volumes on top whatever the baseline may be.

DELAY TO DECISION

As the solution for R0093 does not specify volumes, further clarity that the CSS Provider seeks on the volumes will have no impact on the solution or the case for change, only the degree of change that the CSS Provider needs to deliver. The Code Manager therefore does not support that a decision needs to wait for any clarity on volumes.

IMPLEMENTATION DATE

The effectiveness of the CSS Provider delivery against this change is at the point migration starts. Implementation of the legal text at the earliest opportunity provides the CSS Provider with the longest possible lead time to prepare for the enhancements to the service they provide to ensure service levels can continue to be met.

FUNDING FOR TECHNICAL CHANGES

RECCo have confirmed to the Code Manager that at the time of the appeal, they have received forecasts from DCC on the technical change activities to support the RECCo budgeting process. Although the CSS Provider was not able to submit costs associated with the delivery of required changes to their service at the appropriate stage of this change process to support R0093, RECCo confirmed they will support testing that will inform what technical changes are

required and the technical changes themselves. These costs will need to be submitted through the operational budget process. This has been confirmed to the CSS Provider previously and it is detailed in the solution and Final Change Report.

REC OBJECTIVES

The Code Manager does not believe that the reasoning provided in the appeal affects the position that the REC Objective 'to drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructure it governs' is positively impacted. Successful migration, supported by effective management of associated CSS message volumes, is essential to the implementation of MHHS and the opportunities it provides to the Retail Market and Consumers. The establishment of the CSS by Ofgem's Switching Programme intended to introduce a flexible, scalable and dynamic system which would support future innovation. The need to support the implementation and transition of Market-wide Half Hourly Settlement is an example of such innovation and the Code Manager considers the CSS Provider should be well established to support this change.

CONCLUSION

We believe that we have followed the appropriate process as set out the REC Schedule 5 – Change Management for R0093. We have endeavoured to engage with and support DCC in their role as CSS Provider in developing and understanding this change. MHHS migration is targeted to start between April – July 2025 and R0093 clarifies that the associated message volumes should be managed in addition to BAU volumes in the same service levels. The CSS Provider should prepare appropriately and R0093 supports this requirement.

The CSS Provider has not taken the opportunity, as a REC Service Provider, to impact assess the change appropriately in support of the change process despite the Code Manager and RECCo clarifying and securing agreement on the solution and requests before them being issued. We do not believe that this lack of engagement should stop the progression of the obligation being introduced where there is a positive case for change.

We stand by the case for change assessment we set out in the Final Change Report and consequently the recommendation that the change be approved and implemented at the earliest opportunity. We are available should you require any further assistance in reaching your determination on the Appeal.

Yours sincerely,

Tina Pearce
Head of Change Management