

Discussion paper for electricity settlement expert group – role and programme of work of the expert group

Author: Ofgem

Audience: Electricity settlement expert group and other interested stakeholders

Date of meeting: 16 June 2014

Paper #: 1/1

1. Purpose of the paper

- 1.01 As part of the Smarter Markets Programme, Ofgem has convened an expert group to support its work to examine how consumers can be settled against their half-hourly (HH) consumption data. This paper sets out Ofgem’s proposals for the role of the expert group and its programme of work for discussion at the meeting on 16 June 2014.
- 1.02 We are seeking views from the expert group on the following questions:
- Do you agree with the proposed terms of reference?
 - Do you have any comments on the group’s programme of work?

2. Structure of the paper

- 2.01 This paper contains the following sections:
- Section 3 – describes the process followed for establishing the expert group.
 - Section 4 – sets out the role of the expert group, as defined by its terms of reference.
 - Section 5 – describes the programme of work for the expert group.
 - Section 6 – explains our next steps.

3. Establishment of the expert group

- 3.01 On 17 April 2014, Ofgem published a letter inviting applications to join an expert group for the settlement project.¹ We received over 30 applications from interested stakeholders. We are grateful for the time taken by these stakeholders to respond to our invitation.
- 3.02 Due to the number of applications received, we could not invite all interested stakeholders to join the expert group. Therefore, we sought to identify which applicants were best placed to perform the tasks identified for the expert group as set out in our letter. In particular, we considered their ability to identify how changes to the arrangements could affect consumers, market participants and other parts of the regulatory framework. We also aimed to ensure that the expert group included representatives from the range of stakeholders who have an interest in our project.
- 3.03 To inform our thinking, we consulted the Smarter Markets Coordination Group (SMCG) at its meeting on 19 May 2014 on the types of stakeholders that should be included on the expert group. We also sought the SMCG's views on the expert group's role and programme of work.²
- 3.04 Subsequently, we confirmed the membership of the expert group as set out in the annex to the terms of reference.

4. Role of the expert group

- 4.01 When we issued our letter inviting applications, we also published the draft terms of reference for the expert group. We have since updated the terms of reference to take account of the discussion at the SMCG and to reflect further work by Ofgem on how the expert group will operate.
- 4.02 We have circulated to the expert group the updated terms of reference alongside this paper. Please note that there have not been substantive changes to the draft published in April.
- 4.03 We are seeking to finalise the terms of reference and would welcome comments, particularly on the purpose of the expert group.

5. Programme of work

- 5.01 The expert group's programme of work reflects its purpose as defined in the terms of reference. Table 1 provides an overview of the agenda for the morning and afternoon session of each meeting. Where appropriate, we may change this programme of work. We will inform the expert group of any changes.
- 5.02 As set out in our launch statement, in developing options the project will focus on two main areas that can be varied, namely:
- the process for obtaining and preparing HH consumption data for settlement
 - when and how to transition to settling consumers against their HH consumption data.
- 5.03 In relation to process, we plan to seek views from the expert group on how the existing arrangements for settling consumers using their HH data can be optimised to accommodate millions of sites currently settled using profiling. We identified three areas of focus relating to: the timetable for settlement³; the process for estimating consumption when HH data is not available; and the potential for centralisation of data processing and data aggregation functions.

¹ *Electricity settlement expert group – further details and invitation to apply*, Ofgem, April 2014.

² The SMCG consists of senior-level representatives from key stakeholders with an interest in the Smarter Markets Programme and is tasked with providing strategic direction to our work.

³ In the launch statement, we identified two aspects of the settlement timetable that are relevant to our work: the number and timing of settlement runs; and performance standards for submission of consumption data.

- 5.04 As set out in Table 1, the group will be asked to discuss the options for transition. This includes when any new process could be implemented and the approach to managing the transition of consumers to settlement using their HH consumption data.
- 5.05 We will also seek views from the expert group on how to combine options relating to process and transition into viable reform packages.
- 5.06 We have set aside two sessions to discuss options on each focus area relating to process and transition, as well as reform packages.
- At the first session, we will introduce the area, set out Ofgem’s thinking on the options for reform and seek initial views from the group.
 - At the second session, the expert group will be asked to provide further views on the options and assess each against evaluation criteria.
- 5.07 Between the two sessions, we ask that members of the expert group review how the options presented at the first session may affect their business, consumers and other parts of the regulatory framework. This will inform the discussion at the second meeting.

Table 1 – programme of work for the expert group

Meeting date	Morning session	Afternoon session
16 June 2014	<ul style="list-style-type: none"> • Introduction to settlement project • Role and programme of work of the expert group • Capability of the Data and Communications Company 	<ul style="list-style-type: none"> • Analytical framework for the settlement project • Initial discussion on the options for the settlement timetable
10 July 2014	<ul style="list-style-type: none"> • Detailed discussion on options for the settlement timetable 	<ul style="list-style-type: none"> • Initial discussion on the options for estimation of HH values when HH data is not available
31 July 2014	<ul style="list-style-type: none"> • Detailed discussion on options for estimation of HH values when HH data is not available 	<ul style="list-style-type: none"> • Initial discussion on the options for data processing and data aggregation functions
3 September 2014	<ul style="list-style-type: none"> • Detailed discussion on the options for data processing and data aggregation functions 	<ul style="list-style-type: none"> • Initial discussion on the options for transition
1 October 2014	<ul style="list-style-type: none"> • Detailed discussion on the options for transition 	<ul style="list-style-type: none"> • Initial discussion on reform packages • Further discussion if required on any options
23 October 2014	<ul style="list-style-type: none"> • Detailed discussion on reform packages 	<ul style="list-style-type: none"> • Discussion on plan for second stage of settlement project

6. Next steps

- 6.01 Following the expert group meeting on 16 June 2014, we will review the terms of reference and programme of work to take account of views raised. Should any changes be made, we will circulate updated versions prior to the second expert group meeting on 10 July 2014.

Annex – Membership of the expert group

Table 2 lists the members of the expert group in alphabetical order.

Table 2 – membership of the expert group

Name	Organisation
Andy Colley	SSE
David Crossman	Haven Power
Eric Graham	TMA Data Management
Grant McEachran	Chair (Ofgem)
Harish Mistry	EDF
Hazel Ward	Npower
John Christopher	DECC (observer)
John Lawton	Electricity North West
Jonathan Amos	Reserve Chair (Ofgem)
Jonathan Bennett	Data and Communications Company
Kevin Spencer	ELEXON
Mark Bellman	Scottish Power
Paul Akrill	IMServ
Paul Pettitt	Electralink
Rachael Burn	E.ON
Richard Hall	Citizens Advice
Robert McNamara	techUK
Sara Bell	UK Demand Response Association
Simon Bevis	Utilita
Steven Bradford	Flow Energy
Tabish Khan	British Gas
Tony Diccio	Energy Technologies Institute
Tony Thornton	Master Registration Agreement Service Company