

Settlement timetable

Settlement expert group

31 July 2014
ELEXON

ELEXON

To cover today

- Performance standards in other markets
- Assessment of the options for the settlement timetable
- Principles for use of extra runs
- **We want to conclude our work on the settlement timetable today. Our aim is to arrive at a shortlist of options that have been fully assessed against the evaluation framework.**

Recap of last meeting

EVIDENCE

- Utilita and British Gas presented their experiences with smart and advanced meters
- The DCC presented its performance standards
- ELEXON presented settlement timetables for other markets

OPTIONS

- ELEXON presented four options for the settlement timetable that delivered different outcomes
- After discussion the expert group identified three options for reform



International performance standards

Australia

- The Metering Data Provider must deliver metering data that has passed validation:
 - (a) to a quantity level of at least 98% complete metering data for all settlement weeks;
 - (b) to a quality level of at least 98% 'actual' or 'final', for periods specified as four monthly and six monthly revision settlement weeks only.

Texas

- Statements for the last run (at 180 days) shall only be issued if:
 - (a) validated usage data has been received for at least 99% of the total number of MPANs;
 - (b) each DNO representing at least 20 MPANs has submitted validated usage data for at least 90% of the total number of MPANs

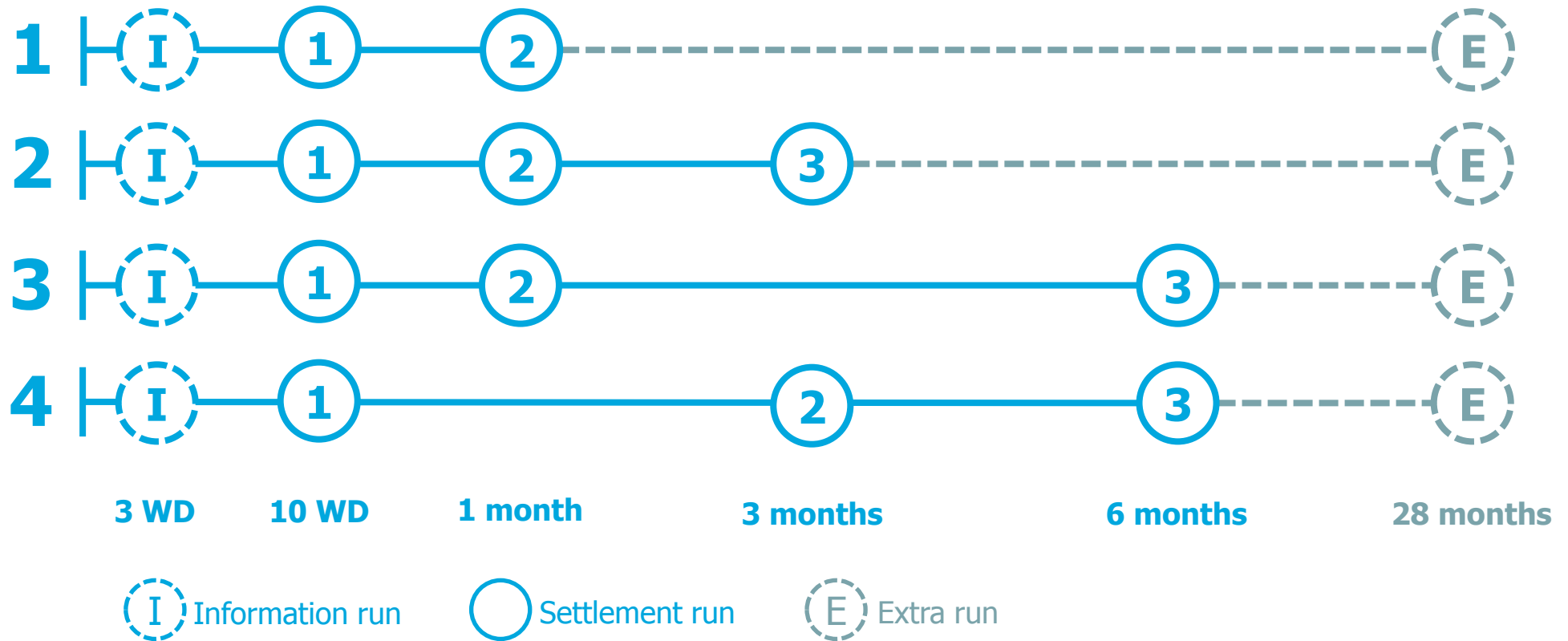
- The market operator cannot recall having to postpone the last run because the standards were not met.

- No other performance standards, instead an obligation to provide 'settlement quality meter data'. Performance data is published daily:
 - Example: At the first settlement run for 22 July (+ 5 days), 99.75% of interval meters were settled against actual data. This is 6.63 million meters.



Assessment of timetable options

The options



Assessment

- A comparative assessment will look at the differences between options
- There are some similarities between the options:
 - Information run at 3WD
 - First settlement run at 10WD – credit benefits compared to baseline
 - Extra settlement run at 28 months (maximum)
- This leaves the only differences between the options as the timing of the last settlement run and use of interim runs

Timing of the last run

1 month

1



- Speed: Cost savings in being able to close the books sooner (subject to use of extra settlement runs)
- Speed: Errors identified at the first settlement run can be addressed promptly
- Integration: Better fit for new market arrangements that value prompt settlement data
- Consumers: Possible benefits for consumers if it incentivises earlier meter reading

3 months

2

6 months

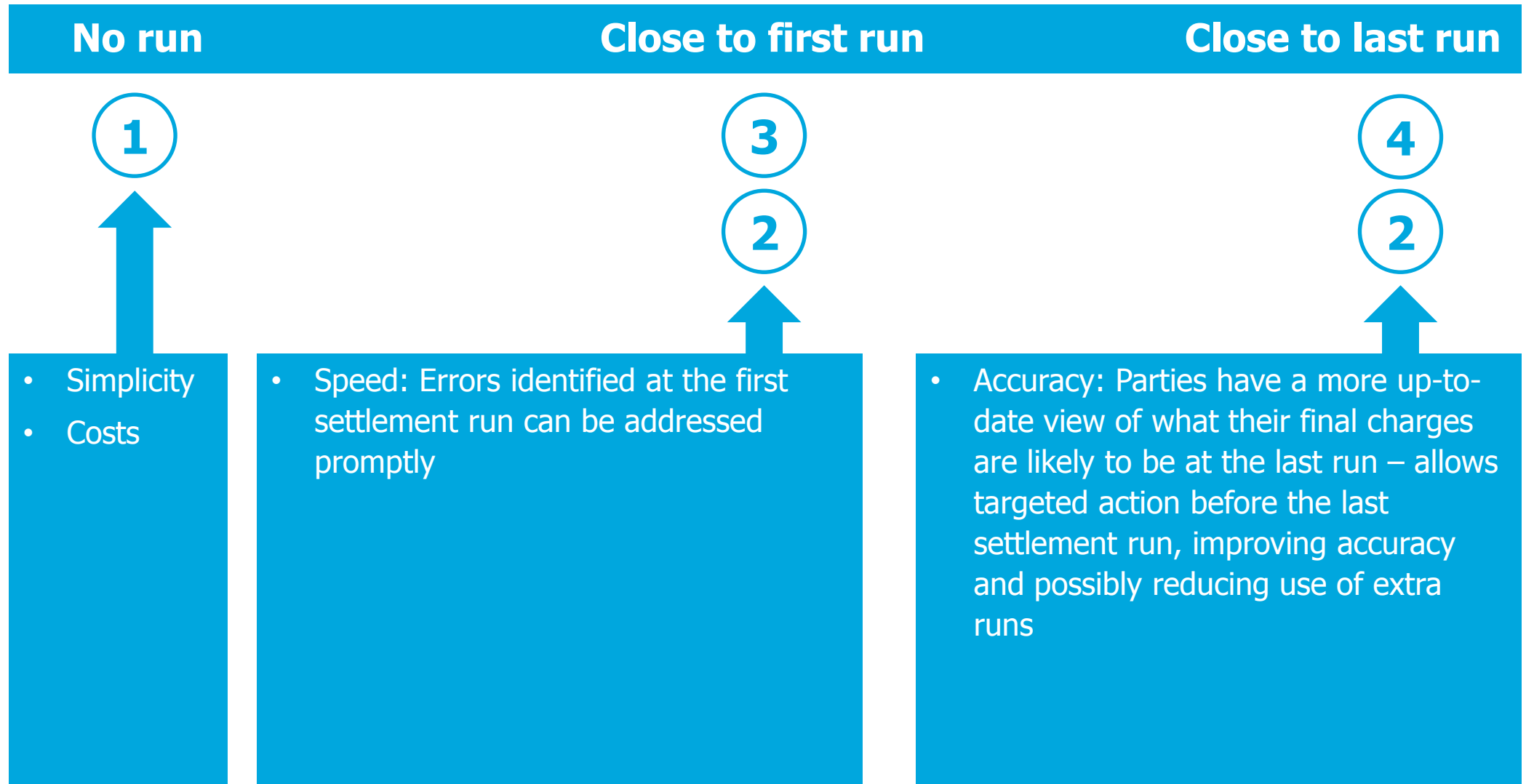
3

4



- Accuracy: Less potential for errors to remain - less volatility in charges
- Costs: Potentially less need for extra settlement runs
- Costs: Smaller costs to achieve a given level of accuracy at the last settlement run
- Integration: Better fit for new market arrangements that value accurate settlement data

Interim runs



Questions for the expert group

- Any comments on the assessment of options?
- Should any options be discarded?
- Should other options for reform be considered?



Extra runs

ELEXON

Use of extra runs today

- 90 Disputes were closed in 2013.
- 58 were upheld, and 56 of these used the DF run for rectification.
- The combined materiality of the Disputes was £15.3m, £13m of which came from one Dispute.

Extra runs - principles

OUTCOMES

- The process should offer a straightforward and cost-effective means to correct errors present at the last settlement run
- The process should incentivise error correction within the standard timetable

PROCESS

- The extra run is the same as a standard run
- Criteria must be met to trigger an extra run
- Only authorised data changes are permitted
- There is a latest date that an extra run can take place
- Opportunity to correct errors that occur at the extra run (probably as a financial adjustment)

Shortening the extra run window

- Sub options with the extra run at 14 months

Pros

- Incentivises **accuracy** at the last settlement run
- **Speed**
- **Costs** and **integration** by shortening timetable

Cons

- **Accuracy** by reducing opportunity to correct error in a settlement run
- **Simplicity** and **implementation** by moving away from current timescales

Questions for the expert group

- Any comments on the assessment of moving the extra run forward?
- Does the expert group want to propose variants for any of options 1-4 with a faster extra run?

