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Minutes

Electricity Settlement Expert Group: Meeting 3

Minutes of the third electricity settlement expert group meeting.	By	Ofgem
	Date and time of meeting	10:00-15:00 31 July 2014
	Location	Ofgem

1. Welcome and introductions

1.1. Jonathan Amos (JA) welcomed the members of the group to the second meeting. Attendees are listed in Annex 1.

1.2. JA said that all materials for the meeting would be published on the website, here.

2. Review of minutes from meeting two

2.1. JA invited the group to comment on the minutes of the previous meeting before they were published. There was general agreement that the minutes were an accurate account of the meeting. The group also welcomed the comprehensive nature of the minutes from the first two meetings.

2.2. JA updated the group on the actions contained in Annex 2 of the minutes from meeting two.

2.3. The Council for Energy Regulation (CER) had confirmed that they would present at meeting four, on 3 September. JA closed the action.

2.4. On action 2a, JA said that the meeting one minutes had been updated as agreed and were now on the website, here. JA closed the action.

2.5. On action 4a, JA asked Ian Marshall (IM) from the DCC to give an update to the group on the DCC's SLAs.

2.6. IM said that each service provider had separate performance targets in their contracts, which meant that while the DCC may have a specific end-to-end performance measure it would comprise separate targets for the Data Service Provider (DSP) and Communications Service Providers (CSP). For example the target response time for an on-demand service request was 30 seconds based on the following assumptions:

- 1 second: DCC User Gateway (for the network between Service Users and DSP)
- 4 seconds: DSP processing (for message processing and transformation)
- 25 seconds: SMWAN (for CSP internal processing and radio communication with Communications Hub)

2.7. The above response times are the target for 99 percent of commands with a minimum target level of 96 percent.

2.8. JA thanked IM for the information and closed the action.

2.9. JA said that actions 4c and 5a would both be addressed in agenda item four. Action 6a would be covered in item six. Actions 6b-6d would be covered in item five. They would all therefore be closed.

2.10. On action 7a, JA reported that the analytical framework had been updated in line with the group's comments. Version 2 of the analytical framework could now be found here. JA closed the action.

3. Evidence to inform the discussion on settlement timetable

3.1. Rachael Burn (RB) from E.ON updated the group on E.ON's experience of data retrieval from smart meters.

3.2. RB said that E.ON had approached the smart project from the customer's point of view. This was on the basis that once the DCC was in place, suppliers would not need to conduct their own data retrieval and so the issue for them would be consumer engagement rather than technical issues. E.ON had outsourced the technical elements of the smart project to a third party. This was a different approach from that taken by other suppliers who had focussed more on the meter technicalities.

3.3. E.ON's primary focus had been on billing accuracy, although billing processes had not been changed – customers were still billed either monthly or quarterly depending on their tariff and the tariffs for smart meters were the same as for traditional meters. They had also focussed on the In-Home Device (IHD) which was one of the key customer benefits from smart metering.

3.4. RB said that to date, no customers had declined to provide E.ON with half-hourly (HH) data. The caveat was that these were early adopters and therefore all very positive customers, so they should not be taken as representative of the whole population. E.ON, however, was not actually collecting the HH data since it had not changed the way it settled these sites. RB added that hopefully the installation of smart meters would bring the firm's settlement performance up. In response to a request for clarification, RB said that E.ON was not polling the meter for HH data unless the customer requested it.

3.5. From the available data, RB had been able to conclude that there was a high performance level for reads at the first attempt. However they had suffered from a lack of communications coverage in certain areas, despite the fact that they were currently cherrypicking sites which they believed to have sufficient coverage. She added that there was a lot of intermittency of coverage. This was caused by exogenous factors such as signals to airports and lorries parked in the street.

3.6. A group member asked if there were cases of unexplained signal intermittency. RB said that mobile masts' direction of focus could change according to demands placed on it and therefore coverage in some areas could drop out. RB said that E.ON used several SIM providers.

4. Detailed discussion on settlement timetable

4.1. Jonathan Priestley (JP) presented ELEXON's work on options for settlement timetable (slides here).

International comparisons

4.2. As requested by the group at the previous meeting, JP presented evidence on other jurisdictions' performance standards for settlement (slides 4-6). There was a discussion about the process and technology used in Texas. JP said that he thought the distribution

companies submitted data into settlement. A group member added that suppliers in Texas had the option to challenge the settlement submissions, but that this happened very rarely, for one in 20,000 submissions.

4.3. A member raised the point that he thought they were using power line communications, rather than wireless signals in Texas. A different member said that they thought that they used low frequency radio signals. Another member said that this was an important point for understanding performance and so it would be useful to follow up.

4.4. JA said that the international comparisons had been explored in quite some detail but that Ofgem would take the action to find out more about the communications technology in use in Texas.

Action: Ofgem

Options

4.5. JP presented the options (slide 8). On Option 1, a group member asked if the intention would be to implement this only when mass roll-out was completed. JA said that the settlement project was considering longer-term changes to settlement.

4.6. A member asked about the materiality of the credit cover benefit of moving in the first run to 10 working days (10WD). JP said total excess credit is currently around £350m and this could be cut by between a half and a third by moving to 10WD.

4.7. JP asked if the group was still comfortable with the variables held constant across the options (information run at 3WD, first run at 10WD, extra run at 28 months maximum).

4.8. One member objected to the 28 month timetable for extra runs after the final settlement run. He said that this was out of line with normal commercial standards, for example based on annual financial reporting. The group should consider the final run being truly final. This would have benefits for consumers and competition. In the current HH market, almost all errors (except for those around current transformers) could be avoided and would not require extra runs.

4.9. Another member agreed and said that it was difficult to explain to potential investors why there was so much prolonged financial uncertainty when operating in the electricity market.

4.10. However other members disagreed and said that the extra run was important for resolving very large disputes.

4.11. JA said that extra runs would be discussed later in the session and asked if the group were happy with the other constants. The group agreed that 10WD was still considered appropriate for the first run.

4.12. JP moved the discussion on to the appropriate timing of the final run, which varied across options.

4.13. One member asked about the assumptions and if it was assumed that data for settlement would be coming in daily. JP said that the assumption was that it would be possible to get data in time for the runs. The member said that there would be costs associated with sending data on a daily basis.

4.14. IM said that the DCC would have some transaction charges but this would depend on how the reads were sent. If they were sent via the billing calendar (which was not

possible with the current specification) then there would be no extra charges since they would be classed as an 'alert'. JA said that the DCC had agreed to explore with Ofgem options around data retrieval.

4.15. On the cost criterion, one member said that the benefits would not be limited to the reduction in credit cover but there would also be benefits around providing more certainty sooner to suppliers on their imbalance charges. This could be of particular benefit to new entrants.

4.16. JP asked what would benefit the demand-side firms the most: speed or accuracy? One member said that it would be speed of settlement. Another member agreed and said that it was important to remember that this was not like the current NHH world – 99 percent of actual reads for every HH period could be expected.

4.17. Another member said that the more simplicity there was in the process, the better. This echoed the point above about standard commercial timeframes.

4.18. One member suggested that Option 3 should be the starting point with a possible future reduction in timescales. Another member suggested that since ELEXON was separately looking to bring down timescales in the short-term, this would effectively lead to such a two-stage solution anyway.

4.19. One member said that the internal impact assessment for ELEXON's work showed that there was little cost associated with extra runs for central systems. He also said that it would not be difficult to drop an extra run later.

4.20. One member suggested that an additional interim run could be added to Option 3, with a view to eventually dropping the final run, ie moving to Option 2 with the minimum of changes. Another member agreed that it was a good idea to have progression built in from the start.

4.21. One member questioned whether anything longer than Option 1 was credible to the outside world. With 99 per cent accuracy, why would Option 1 not be possible? One of the purposes of smart metering should be to induce the industry to modernise.

4.22. A different member responded that Option 1 should be the ambition but that it would not be possible to jump there from the current position. Another member agreed but said that smart technology was the unknown quantity. A different member reminded the group that Utilita's presentation at the second meeting showed that three to four percent of sites drop out of coverage each month despite cherrypicking of sites. The Data Services Providers have very high targets but it remains to be proven if they will meet them.

4.23. On that point, IM said that Telefonica in the Southern region, for example, was re-checking every single post code to ensure coverage; they would put in extra capacity where required.

4.24. One member added that another uncertainty was the size of the residual of traditional meters. JA reminded the group that the analytical framework underpinning the project assumed nearly all consumers receive smart meters, but said that it would be possible to test the impact of different assumptions on the options in the future.

4.25. Another member expressed the view that the Authority had a role to play in establishing the timetable for implementing the changes and establishing sufficient incentives. JA said that the group would look at these questions in the work on transition.

4.26. JA summarised that the group was agreed on the proposal for the first run at 10WD, and that there was strong support for a phased approach with Option 1 being an appropriate longer-term ambition.

Extra runs

4.27. JP presented the slides on extra runs (13-17). On the materiality point on slide 14, one member said that excepting the £13m dispute, the level of materiality was low. Another member said that the £13m was the whole point of the mechanism because such disputes can arise and have a big impact especially on smaller suppliers. One member said that the £15.3m figure represented five to ten percent of the imbalance market.

4.28. There was a discussion around why disputes could not be settled more simply, for example via bilateral arrangements between parties. It was explained that errors were smeared across all suppliers so there were many parties involved. Another member said that calculations for extra runs were crude. One member expressed surprise that under current arrangements a supplier that has submitted fully accurate data to settlement would pick up some of the costs caused by errors in data submitted by other suppliers. JA said that this raised a broader question about the allocation of errors in the future market and a dedicated session on this would be added to the group's forward agenda.

Action: Ofgem

4.29. JP asked for the group's views on the suggested principles around extra runs on slide 15. One member said that he would want to avoid extra runs becoming institutionalised, which the industry had moved away from. Another member suggested that this could be achieved by raising the bar for using them. JA said that the threshold was important since the point of extra runs was to resolve large errors.

4.30. One member said that since most large disputes were caused by current transformers, there may be options to tighten accountability and performance around them. Another member said that to provide context DECC was pushing DNOs to collect information on equipment such as current transformers.

4.31. One member said that planned changes to cash-out charges would make adjustments through Extra Settlement Determinations (ESD) less complex to calculate. The costs of this process may fall accordingly.

4.32. There was a discussion around the timing of any extra run. One member said that the 28 month limit was introduced because previously there was no limit on when extra runs could be held. The introduction was to allow data to be archived after two years. One member reiterated his point above that extra runs should not be necessary if there were sufficient processes in place for identifying and resolving errors in a timely fashion.

4.33. JA said that Ofgem would take on board all of the feedback in order to narrow down options around extra runs.

Action: Ofgem

5. Detailed discussion on data estimation

5.1. Francis Jackson (FJ) spoke to slides 6-15, here.

5.2. Recapping the previous meeting, FJ said that the expert group had been in favour of adapting BSCP502 so that it is more appropriate for domestic and smaller non-domestic sites. One member said that some parties had developed algorithms to automate the

existing procedure. Another member countered that unless all parties perform the process automatically it would not work in the future.

Discussion on frozen and smart profiles

5.3. FJ presented slide 11 on the options, whose difference lay in the type of profiling used: frozen existing profiles or smart profiles. One member argued that at this stage both options should be kept on the table as there was not a significant difference in cost between the two. Another member raised concerns about using smart profiles to estimate consumption for consumers with traditional metering, noting the two groups of consumers would have different characteristics. FJ said that this had been discussed at the last meeting and the group felt that on balance there were sufficient workarounds.

5.4. On the same point a different member said that the consumption of those with traditional meters would remain static but those with smart meters would be more changeable. Given this he advocated that frozen profiles were used for traditional consumers, given the simplicity and cost advantages. He noted that if the industry kept running a sophisticated profiling system for traditional consumers the costs to serve them will increase significantly. FJ pointed out that at the previous meeting there had been a consensus around using the same profiling methods for both types of customer, largely on the grounds of cost savings.

5.5. Discussing the degree to which consumption would change in the future, one member noted that as smart meter consumers will be domestic consumers they may not change their consumption pattern significantly. Another member agreed and said that as products had not yet been sold for these consumers en masse, it was too early to know how their consumption would change. He expected that initially the consumption profile of smart and traditional consumers would be similar but then smart consumers would gradually but distinctively change over time.

5.6. One member queried whether frozen profiles would be frozen indefinitely, arguing that they would need to be updated at some point in the future. Another member replied that he would not be too concerned about this given they would still be settling consumers with actual reads and that the average consumption shape for traditional customers would not change significantly year-on-year.

5.7. FJ spoke to slide 12 on the evaluation of options. One member noted that if smart profiles were to be developed for smart consumers there could be cost-efficiencies in applying these to both smart and traditional consumers but he repeated his earlier assertion that at this stage both options should remain on the table.

5.8. One member argued that the group should keep the objective for this area in mind which was that settlement should be as accurate as possible; he argued that maintaining frozen profiles did not align with this objective.

5.9. JA queried whether, in assessing the method of estimating consumption for metered consumers, Ofgem needed to consider the impact on the settlement of unmetered supplies, given that currently the same profiles were used for these sites. A group member noted that unmetered supplies make up a small percentage of all supplies. Another member queried whether all unmetered supplies should be settled HH. JA clarified that this question is not in scope of the project.

Discussion on site-specific estimation

5.10. Speaking to slide 13 which summarised the high-level principles for updating BSCP502 to perform site-specific estimation for domestic sites with smart meters, FJ asked

if there were any concerns with regard to the viability of site-specific estimation given the variability of domestic consumption. One member said that if weather data were used in estimation, this variability would be largely captured.

5.11. One member said that if site-specific information was not available a backstop profile would still be necessary. Following this point, another member said that any new system of estimation must be designed so that parties are disincentivised from using the backup profile rather than more accurate site-specific data. FJ said that this could be added to the 'Outcomes' principles on slide 13.

Discussion on smart profiling

5.12. FJ described the variables which could be altered for smart profiling on slide 14. On the point of profiling directly for volumes, one member informed that profiled volumes would not be accurate at the individual level but would be accurate in aggregate, when looking at 50 or more sites.

5.13. One member suggested profiling dynamically, which would not require standing data. The same technique could be used for both smart and traditional sites. The profiles would be created at the GSP group level, to capture regional weather effect, and would also profile sites according to their characteristics.

5.14. A different member expressed concern that supplier interventions could skew the profile for traditional sites, particularly if suppliers offered time-of-use tariffs. Suggesting a workaround, one member proposed stratifying the sample into different consumers types (eg those on time of use tariffs and those on unrestricted tariffs) so that the data used to estimate consumption for a site is taken from a comparable site.

6. Update to expert group workplan

6.1. FJ presented Ofgem's proposal for the group's forward agenda. A session with the Irish regulator, and sessions on export and data retrieval methods had been added in. As such Ofgem was proposing to hold an additional seventh meeting.

6.2. The group agreed with this proposal and that the 12 November was a suitable date.

7. Introductory discussion on options for Data Processing (DP) and Data Aggregation (DA) functions

Discussion on context for future responsibility for DP and DA functions

7.1. Ciaran MacCann (CM) spoke to slides 19-38 on options for DP and DA functions, here. CM invited comment from the group about whether Ofgem had identified the right drivers for considering the future responsibility of DP and DA.

7.2. One member noted that the description in the paper of why Ofgem is looking into this issue had referenced the BSC auditor's report. He said that while this is a useful input, it did not contain market sensitive information; given this he recommended that Ofgem access the auditor's confidential peer report as this would show the materiality of errors in the HH and NHH markets. He said that certain procedures were followed in the HH market but not the NHH market.

7.3. The same member also noted that in the paper Ofgem had argued that non-standardised processes could result in inconsistent performance across the market. He argued that non-standardised processes could also lead to innovation and improvements. Another member said that the Supplier Agent roles were clearly set out in the BSCPs but

were not followed by all suppliers and Supplier Agents, and were unlikely to ever be comprehensively followed.

7.4. The first member said that this was not a reason to centralise these functions but rather it is a question of resource. Some parties were willing to allocate the necessary money to resolve errors and others are not.

7.5. The same member said that in the future a lot of the causes of exceptions in the current NHH market would be eliminated, particularly those related to historical data, standing data and the change of supplier read. The second member said that it was not necessarily the case that exceptions which will occur in the future are best resolved by suppliers and Supplier Agents. It was also noted that higher performance standards would drive up the accuracy of settlement.

7.6. JA steered the conversation onto Ofgem's assumption that core functions (data validation, data aggregation and applying line losses) would not change significantly. The group indicated that this assumption was correct.

7.7. One group member queried the message from the Change of Supplier Expert Group that responsibility for DP and DA was not relevant to the accuracy or speed of the switching process. He said that if there was next-day switching then the subsequent change of Supplier Agents would not occur fast enough. JA informed that the change of supplier project was consulting on how to deliver next-day switching and was aware of such issues.

Discussion on options for future responsibility of DP and DA

7.8. CM spoke to slide 24 which provided an overview of the high-level options. He asked the group if they thought that Ofgem had developed the right range of options. The group agreed that the options presented were sensible.

Discussion on option 1

7.9. CM set out options 1a and 1b which would maintain the current market model and Ofgem's initial evaluation of these.

7.10. Comparing the two options, one member said that option 1b could be more expensive as it would require all suppliers and all Supplier Agents to build systems which interface with DCC. In contrast option 1a would require only suppliers to interface with DCC which they would need to do regardless of which option for DP and DA was pursued, meaning the expense of building a DCC interface was a sunk cost. If Supplier Agents were to build such systems (which the member suggested could be expensive) they would look to recoup these costs from suppliers.

7.11. Replying to this point, IM argued that setting up an interface with the DCC would not be as expensive as the other group member thought since many of the costs are related to security on the DCC side. But IM did agree that all suppliers will be setting up systems to interface with DCC and the approach taken should avoid duplicating costs where possible.

7.12. JA said he understood that option 1a held benefits but raised the possibility that it could impact on accuracy given it involved an extra data hand-off compared with option 1b.

7.13. A group member argued that option 1b would not reduce hand-offs as was suggested because if suppliers do not receive consumption data from the DCC the data processor will have to send it to them. Another group member noted that option 1a may

add complexity to the market as suppliers would be getting the HH data, sending it to the DP for settlement and would then receive information from the DP (eg exception reports).

7.14. The same member also queried what would happen to customer-appointed Supplier Agents in this model. JA informed that this could carry on in the future under this model.

Discussion on design considerations for options 2 and 3

7.15. CM spoke through the design considerations for both options 2 and 3 (which both involve setting up a central agent). CM questioned the group on the scope of service of the central agent, particularly its role in exception management.

7.16. One member queried what would cause exceptions in the future, noting that smart meters would remove human error that arises from having to read meters by eye, which causes many of the exceptions today. Another member replied that there would still be a number of potential issues in the future, despite automated meter readings, for instance register roll-overs.

7.17. Addressing CM's question on exception management, one member informed that suppliers need to work very closely with Supplier Agents on a bilateral basis to resolve exceptions and he queried how this would work if there was a central agent. However he also noted that exception management would be much less significant in the smart world where profiling and other errors specific to the NHH market would be eliminated. Another member said that once the transition – which would bring many exceptions to light – is complete the number of exceptions should fall significantly.

7.18. CM questioned the group on what data was required for agents to offer services which go beyond what was stipulated in the BSC. One member replied that each supplier required different data from their Supplier Agents. Each supplier had a bespoke agreement with their Supplier Agents who provided them with the data they required.

7.19. Another member noted that it would be very difficult for a central provider to hold bespoke contracts with individual suppliers. Another agreed and noted it was the ability of individual Supplier Agents to provide bespoke data which then allowed suppliers to differentiate themselves in the market. One member added that being able to contract with Supplier Agents to get a tailored service allowed smaller suppliers to compete with the larger ones.

7.20. However a different member queried the extent to which suppliers' ability to differentiate themselves is because of the service they receive from their Supplier Agent. Another member pointed out that while suppliers may not offer different services to end consumers because of what their Supplier Agents do they might be able to offer cheaper tariffs because of the contracts they negotiate.

7.21. Summarising, one member said this issue was a trade-off; on the one side centralising would result in fewer hand-offs and potentially greater accuracy but on the other the competition benefits could be lost.

7.22. Considering the scope of the service a central provider would offer, one member suggested that the central agent could perform the automated functions, for instance DA and estimation and then independent Supplier Agents could manage and resolve exceptions.

7.23. There was consensus from the group that on this basis the earlier agreement that the role and responsibilities of the central agent would not change significantly from today's functions may not be the case. The group suggested that Ofgem reconsider the exact role

of the central agent. JA said that Ofgem would detail the potential role of the central agent and present back to the expert group.

Action: Ofgem

Discussion on option 2

7.24. Turning to consider option 2 specifically, one member argued that having a central agent would represent a risk given that it would constitute a single point of failure. He said that existing experiences of having central provision of services had not been excellent as it resulted in inefficiencies and central providers being inflexible to change. He spoke strongly in favour of maintaining the existing market model. He gave the example of the current HH market, stating that before the creation of a market, performance was poor but since competition in DP and DA was introduced performance had improved to settling 99 percent of HH volumes on actual consumption data by the first settlement run. At the same time, the cost to suppliers of these functions had halved in real terms.

7.25. Another member also spoke in favour of maintaining competition, stating that technology moves on quickly and that a central body would not be able to take advantage of such developments easily. As a result, the service provided could become outdated and inefficient.

7.26. Another member also spoke in favour of maintaining the current market model. He said that it was not clear how customers who appoint their own Supplier Agents would be accommodated if there was a single central agent. He also argued that it could be difficult to manage contracts with a central agent, with suppliers that have the most resources getting the best service. He also said that Ofgem price controls would incur additional costs.

7.27. A different member provided an alternative perspective, noting that a central body could help manage exceptions as it would be able to take a market-wide view of the causes of exceptions and channel resource to where it is most needed. In addition he said a central agent would provide efficiency benefits as well as reducing data hand-offs.

7.28. One member highlighted that suppliers should not compete on exception management as the impact of poor practice did not only affect the supplier(s) responsible but also all others (due to the smearing of error). With a central agent, everyone benefits from the fairness of a standardised service which could make for purer competition.

7.29. Another member countered that this would effectively mean reducing the market to the lowest common denominator rather than allowing competition to drive up standards. A different member said that it was the DCC and not Supplier Agents that would level the settlement standards in the future market.

7.30. Turning to consider option design, one member said that having either ELEXON or DCC as the central agent would be better than setting up a new body. He also said that another advantage of having a central agent was that it could lower barriers to market entry as new entrants could contract with fewer people than they have to currently. One member advised that Ofgem consider the process for gas settlement which she said was simpler.

7.31. CM asked the group what the value of competition would be in the future. One member queried which services could be competitive, suggesting that the DP function could provide more opportunity for competition than DA. Another member noted that, if there was a central agent, then it would be responsible for suppliers' settlement performance

which would be significantly different to the current model and could necessitate complex governance structures.

Discussion on data access and privacy

7.32. CM talked through the current restrictions on data access and the implications this could have on options for the future responsibility of DP and DA. CM said that a central provider model could be designed to comply with restrictions on suppliers. However, such a model would mean that suppliers would only receive aggregated data where the customer does not give opt-in consent to use of HH data. This in turn could affect their ability to manage settlement. He asked for the group's reaction to this possible model.

7.33. One member said that the central body that provided all data retrieval, DP and DA services would need to have stringent controls on it considering the personal data it would hold.

7.34. One member was sceptical of the assumptions Ofgem made on restrictions to data, arguing that today suppliers have access to bank accounts, addresses etc and so it is not about having personal data but what you do with it. JA informed that the restrictions were in the licence obligations on suppliers.

7.35. One member said that only having aggregated data would make spotting and resolving exceptions impossible. Another member said that if this was the case the central agent would have to resolve exceptions which could be complicated (as noted above).

7.36. However, another member pointed out that suppliers could receive the disaggregated data for customers who opted in to submitting HH data. Only the customers who opted out would have to have their data aggregated.

7.37. The group concluded that suppliers could require access to disaggregated consumption data to manage exceptions effectively and so Ofgem would need to consider how this could be achieved given the current data restrictions.

Discussion on option 3

7.38. CM described the third option which Ofgem had assessed – hybrid competition. This would involve setting up a central agent and allowing it to compete with independent agents.

7.39. One member raised concerns around this option, arguing that creating a central agent who competes with independent Supplier Agents could create a dominant market player. He also set out the possible scenario where suppliers carry on using their own Supplier Agents which would prevent the central agent from achieving the customer base it needs to be viable.

7.40. Another member was also sceptical of this option, arguing that it would remove the benefits of the other two options. She summarised that for option 1, the benefits derived from competition but a hybrid model could distort competition. For option 2 she argued that the benefits derived from simplicity but a hybrid model increases complexity and would be difficult to implement. Agreeing, a different member said a hybrid model would distort prices and would, in effect, set price expectations in the market.

7.41. A third member queried what motivation there would be for an organisation to bid to become the central agent when there would be no guarantee of making the investment back under a hybrid model.

7.42. Another member said that all suppliers may have to pay to set up a central agent under option 3 but only those which use it would benefit. However, a different member suggested that a model where only those who use the central agent pay for it would address this issue.

7.43. CM closed the discussion by summarising the initial evaluation of all three options. The group agreed that Ofgem had identified the key pros and cons of each option. CM informed the group that the group would discuss this issue again at the next expert group in September where Ofgem would present updated options.

Action: Ofgem

8. Wrap up and close

8.1. JA thanked members for attending and closed the meeting, noting that the next meeting would be held on 3 September at Ofgem's offices.

Annex 1 – Attendees and apologies

Group members

Jonathan Amos (Chair)	Ofgem
Andy Colley	SSE
Andrew Bard	MRASCo
Anthony Badger	Haven Power
Eric Graham	TMA
Guido Cocco	DECC (observer, attended part only)
Harish Mistry	EDF
Hazel Ward	Npower
Ian Marshall	DCC
James Nixon	Scottish Power
John Lawton	ENW
Kevin Spencer	Elexon
Paul Gath	Electralink
Rachael Burn	E.ON
Sara Bell	UKDRA
Simon Bevis	Utilita
Steven Bradford	Flow Energy
Tabish Khan	British Gas
Tony Dicicco	ETI

External presenter (attended part only):

Jonathan Priestly, ELEXON

Ofgem attendees:

Francis Jackson

Ciaran MacCann (attended part only)

Jeremy Adams-Strump (attended part only)

Apologies:

Chris Alexander	Citizens Advice
Robert McNamara	TechUK
Hazel Ward	Npower
John Christopher	DECC
Paul Akrill	IMserv
Mark Bellman	Scottish Power
Tony Thornton	MRASCo
Jonathan Bennett	DCC

Annex 2 – Summary of actions

Agenda Item/ Action number	Action	Responsible	Due by /Status
2	**Review of minutes from meeting one**		
	a) DCC to keep the group updated on DCC's consultations and any changes to the DCC's performance measures.	DCC	Ongoing
4	**Settlement timetable**		
	a) Ofgem to conduct further research on remote meter communication technologies in Texas.	Ofgem	3 September meeting
	b) Ofgem to add session on allocation of error to group's workplan.	Ofgem	Actioned
	c) Ofgem to further develop options around extra runs.	Ofgem	1 October meeting
7	**Data processing and data aggregation**		
	a) Ofgem to scope in more detail the role of the central agent and present back to the expert group.	Ofgem	3 September meeting
	b) Ofgem to refine options for second group discussion.	Ofgem	3 September meeting