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Market-wide Half Hourly Settlement Workshop

30 October 2017

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Agenda

10:00 **Welcome and Introduction**

10:10 **Work to date and purpose of today**

10:30 **Lessons learnt from P272 and Elective for market-wide HHS**

11:30 Break

11:45 **Considering consumers in HHS**

13:00 Lunch

13:45 **Access to Half-Hourly data for settlement**

14:30 Break

14:45 **Data quality in future**

15:45 **Wrap-up and close**

Project overview

Medium and large business users

Half-hourly settlement (HHS) for Profile Classes 5-8 by 01 April 2017 through P272.

Elective

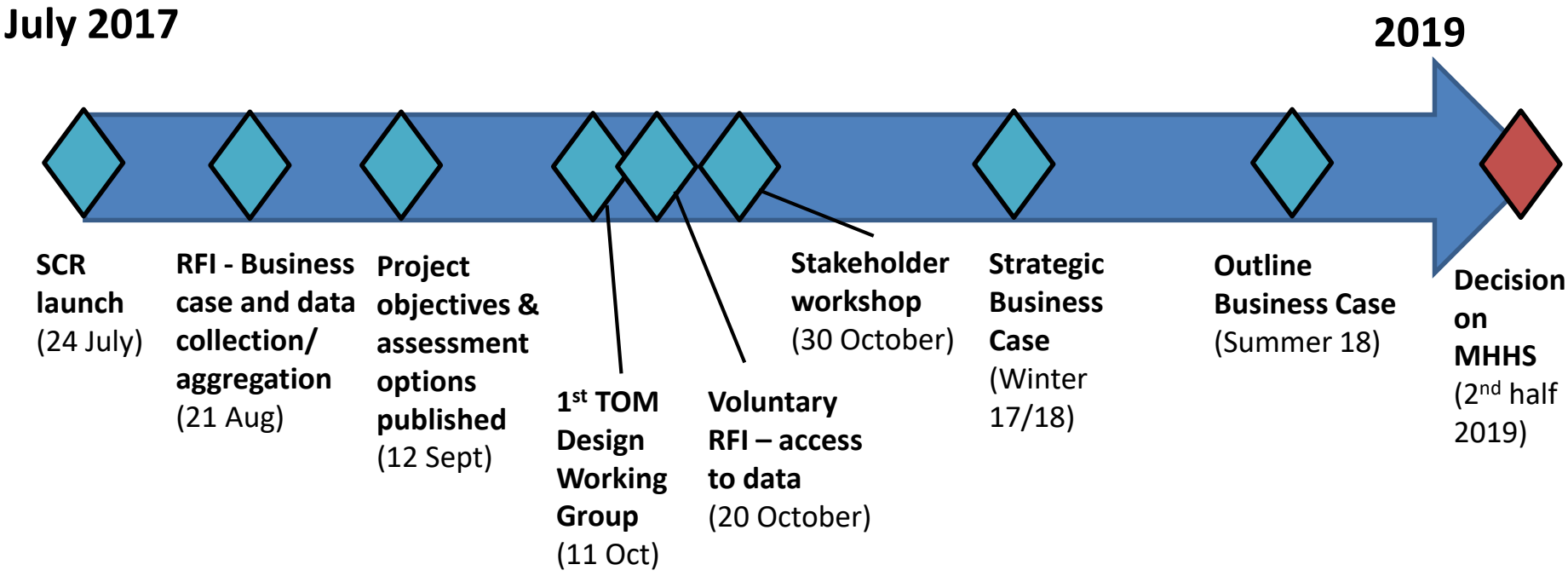
We have removed barriers to make half-hourly settlement for smaller domestic and non-domestic customers cost-effective on an elective basis.

Market-wide

Our Significant Code Review covers three areas:

1. **Target Operating Model (TOM) design** – technical design
2. **Policy development**– data privacy, whether or not to centralise data collection/aggregation, consumer issues
3. **Business Case** – building the case for if, how and when to implement market-wide HHS, including an economic assessment of the costs and benefits.

Project to date and forward look



SCR questions

Our proposal to opt for Ofgem to lead an end-to-end SCR process: Most agreed.

Our proposed governance model for the Target Operating Model: Most agreed. Need for transparency and engagement highlighted.

Target Operating Model Design Principles: Stakeholders generally supportive. Various suggestions for improvement.

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TOM update

- Design Working Group membership published on 27 September 2017
- First meeting of the Design Working was held on 11 October 2017. Meeting materials and headline report published on ELEXON's webpage
- Second meeting of the Design Working Group to be held on 15 November 2017
- Design Advisory Board membership to be announced shortly. First meeting will be in mid-November
- Strawman TOMs to be delivered in March to Ofgem for review. If approved, ELEXON will commence consultation on strawman TOMs.

If you have any questions on the TOM or would like to discuss further with us, please contact the workstream lead George Huang at George.Huang@ofgem.gov.uk Alternatively, you can always contact our team mailbox on half-hourlysettlement@ofgem.gov.uk

Business case

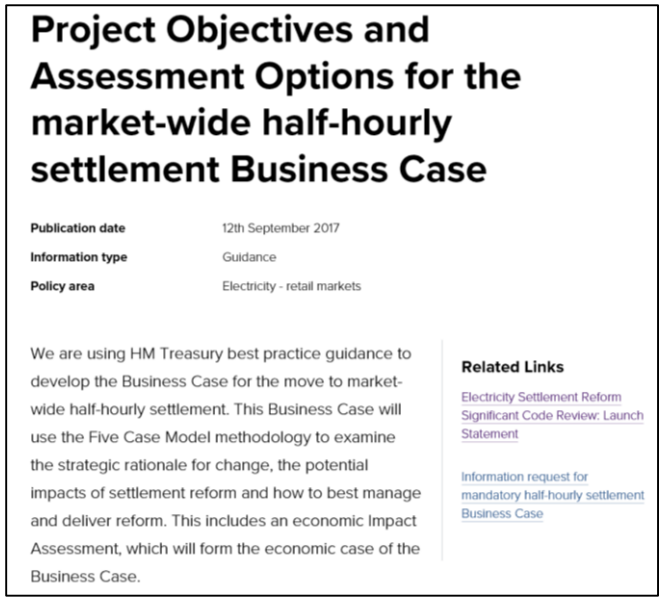
We are following HMT best practice guidance to develop a Business Case based on the 5 Case Model methodology. This will include an economic impact assessment (the Economic Case).

Winter 2017/18	Mid-2018	2nd half 2019
Strategic Outline Case	Outline Business Case	Full Business Case
• Sets out the strategic case for change • An initial outline of the scope of economic costs and benefits • Initial thoughts on the other three cases	• High level economic assessment to set out preferred way forward • Developed thinking on commercial, financial and management cases	• Detailed costing of specific options • Relies on Target Operating Model work and policy decisions • Set out plans to manage and deliver reform and the transition to market-wide HHS

See:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469317/green_book_guidance_public_sector_business_cases_2015_update.pdf

Business case: progress to date

1. *'Project Objectives and Assessment Options for the market-wide half-hourly settlement Business Case'* published in September.
2. RFI in September to gather evidence to inform the Economic Case for the Outline Business Case.



Project Objectives and Assessment Options for the market-wide half-hourly settlement Business Case

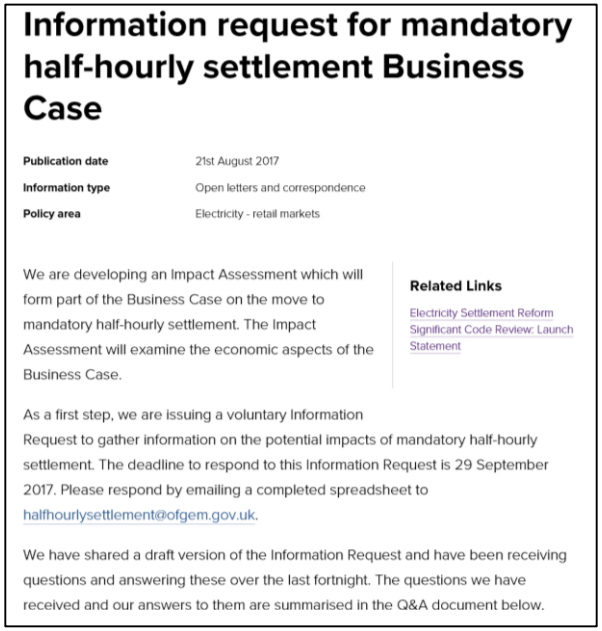
Publication date 12th September 2017
Information type Guidance
Policy area Electricity - retail markets

We are using HM Treasury best practice guidance to develop the Business Case for the move to market-wide half-hourly settlement. This Business Case will use the Five Case Model methodology to examine the strategic rationale for change, the potential impacts of settlement reform and how to best manage and deliver reform. This includes an economic Impact Assessment, which will form the economic case of the Business Case.

Related Links

Electricity Settlement Reform Significant Code Review: Launch Statement

Information request for mandatory half-hourly settlement Business Case



Information request for mandatory half-hourly settlement Business Case

Publication date 21st August 2017
Information type Open letters and correspondence
Policy area Electricity - retail markets

We are developing an Impact Assessment which will form part of the Business Case on the move to mandatory half-hourly settlement. The Impact Assessment will examine the economic aspects of the Business Case.

Related Links

Electricity Settlement Reform Significant Code Review: Launch Statement

As a first step, we are issuing a voluntary Information Request to gather information on the potential impacts of mandatory half-hourly settlement. The deadline to respond to this Information Request is 29 September 2017. Please respond by emailing a completed spreadsheet to halfhourlysettlement@ofgem.gov.uk.

We have shared a draft version of the Information Request and have been receiving questions and answering these over the last fortnight. The questions we have received and our answers to them are summarised in the Q&A document below.

Both publications can be found on our website:
https://www.ofgem.gov.uk/electricity/retail-market/market-review-and-reform/smarter-markets-programme/electricity-settlement

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Business case: next steps

Analysis of RFI information and economic analysis to build the Economic Case (Impact Assessment)

Winter 2017/18: publication of the Strategic Outline Case

Summer 2018: publication of the Outline Business Case

If you have any questions on the Business Case or would like to discuss further with us, please contact the workstream lead James Earl at James.Earl@ofgem.gov.uk. Alternatively, you can always contact our team mailbox on half-hourlysettlement@ofgem.gov.uk.

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Lessons learnt from P272 and Elective for market-wide HHS

Kevin Spencer and Oliver Meggitt (ELEXON)

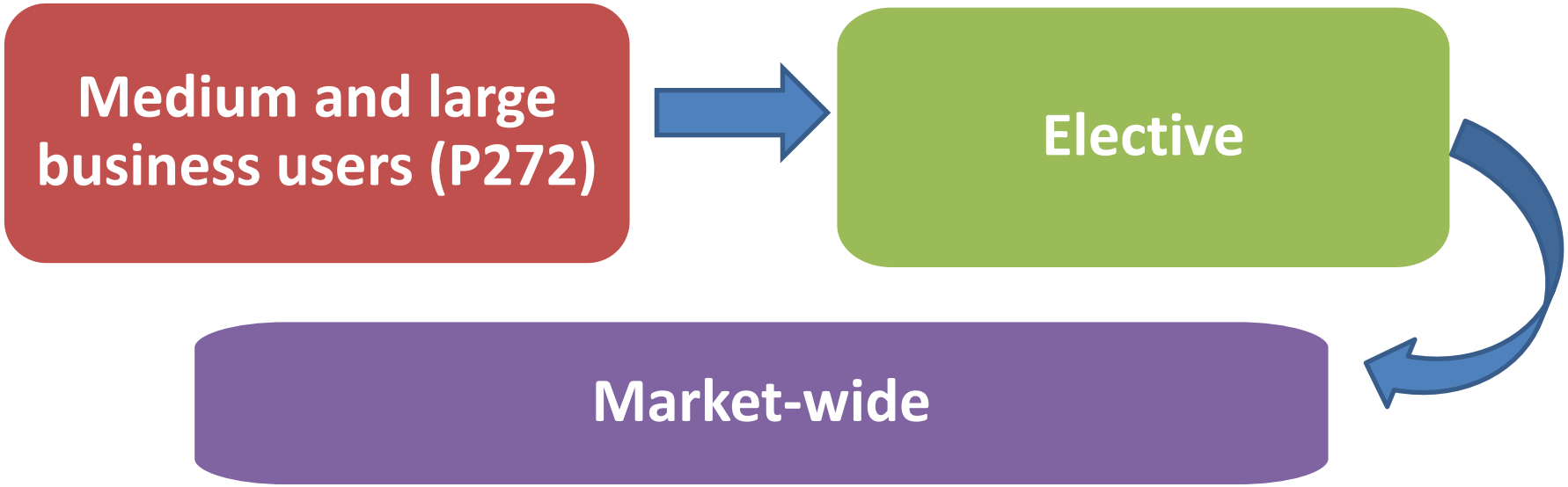
George Huang (Ofgem)

Overview

- Stakeholders have emphasized the importance of incorporating learnings from P272 and elective HHS into the development of the TOM and the Business Case.

- What we'll cover in this presentation:
  1. P272/P322 code modifications
  2. Implementation of P272/P322 – Ofgem and ELEXON perspectives
  3. Elective HHS

Settlement reform



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P272/P322

20 May 2011	• P272 change proposal raised by Smartest Energy
13 December 2012	• Panel final recommendation to reject P272
29 October 2013	• Ofgem took a minded-to position to approve an alternative P272 modification
11 September 2014	• BSC Panel recommendation on revised implementation date following finalisation of implementation approach for DCP179 and further consultation
29 October 2014	• Ofgem approved P272, which relates to migration of profile class 5-8 customers to HHS by 1 April 2016
24 June 2015	• Ofgem approved P322, which extended the P272 implementation date to 1 April 2017 and introduced requirements for new customers

P272 implementation: Ofgem's perspective

- Close cooperation between ELEXON, the Performance Assurance Board and Ofgem up to and beyond the P272 deadline
- Ofgem monitored suppliers' progress with migrating P272 customers to HHS through attendance at the PAB and meetings with ELEXON
- Our involvement in P272 was greater than anticipated due to issues encountered in the lead up to 1 April 2017
- Ofgem engagement with industry. Two Open Letters published prior to 1 April 2017 reminding suppliers of their obligations under P272. P272 guidance materials published on the Ofgem website for industry and consumers
- Ofgem will continue to work closely with ELEXON and the PAB to ensure suppliers comply with their obligations under P272

ELEXON's view…

- Improved interaction across Industry
  - Between Suppliers
  - Between Suppliers and Supplier Agents
  - Between ELEXON and Ofgem
- Involvement of PAB – working with Ofgem and Suppliers
- Huge amount of effort from Industry to complete migrations and update ELEXON
- Industry events – well attended, good discussions and involvement from across Industry, including wide range of participants

Challenges

- Getting the message to consumers – Suppliers often pointed to ELEXON
  - Benefits to consumers
  - 'Downgrades' and changing Profile Classes
- Understanding PAB and ELEXON's role – exact responsibilities
  - "Settled" Half Hourly – doesn't mean "Billed" Half Hourly
  - P272 vs SLC 12 Obligations
- Technical issues
  - 'Advanced' meter definition – working communications
  - Interoperability of meters
- Data sources – reporting from Suppliers, ECOES data. Complex data sets and exceptions/exclusions to consider frequently
- 1 April 2017 Deadline, and non-compliances arising – ELEXON/PAB monitoring

Next Steps

- Completion of migration for eligible sites

- Working with Ofgem to identify SLC 12 non-compliances … and then when they become P272 eligible

- Working with Suppliers
  - Updating ECOES data
  - "New" P272-eligible meters
  - Switching between Suppliers

- Lessons Learnt exercise – early 2018. Would encourage Industry members to attend, and this would feed into wider HHS discussions

Stakeholder lessons learnt

OPEN DISCUSSION

- What are the key lessons learnt from P272 and Elective which should inform the development of the Target Operating Model and the Settlement Reform SCR in general?
- What are the key lessons learnt for the transition from NHH to HH for a large part of the market?

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Ofgem P272 lessons learnt

- Ofgem involvement was greater than first thought
- Difficulties were encountered with a “big bang” transition for ~150k sites
  - Some suppliers lacked resources and expertise to fulfil P272 obligations to time
  - The relationship between suppliers and supplier agents in addressing meter issues and completing Change of Measurement Class procedures
- Drafting of P272 and its relationship to SLC12 led to complexity of Regulatory framework

Public

Elective HHS

Lesson Learnt for Market Wide HHS

30 October 2017

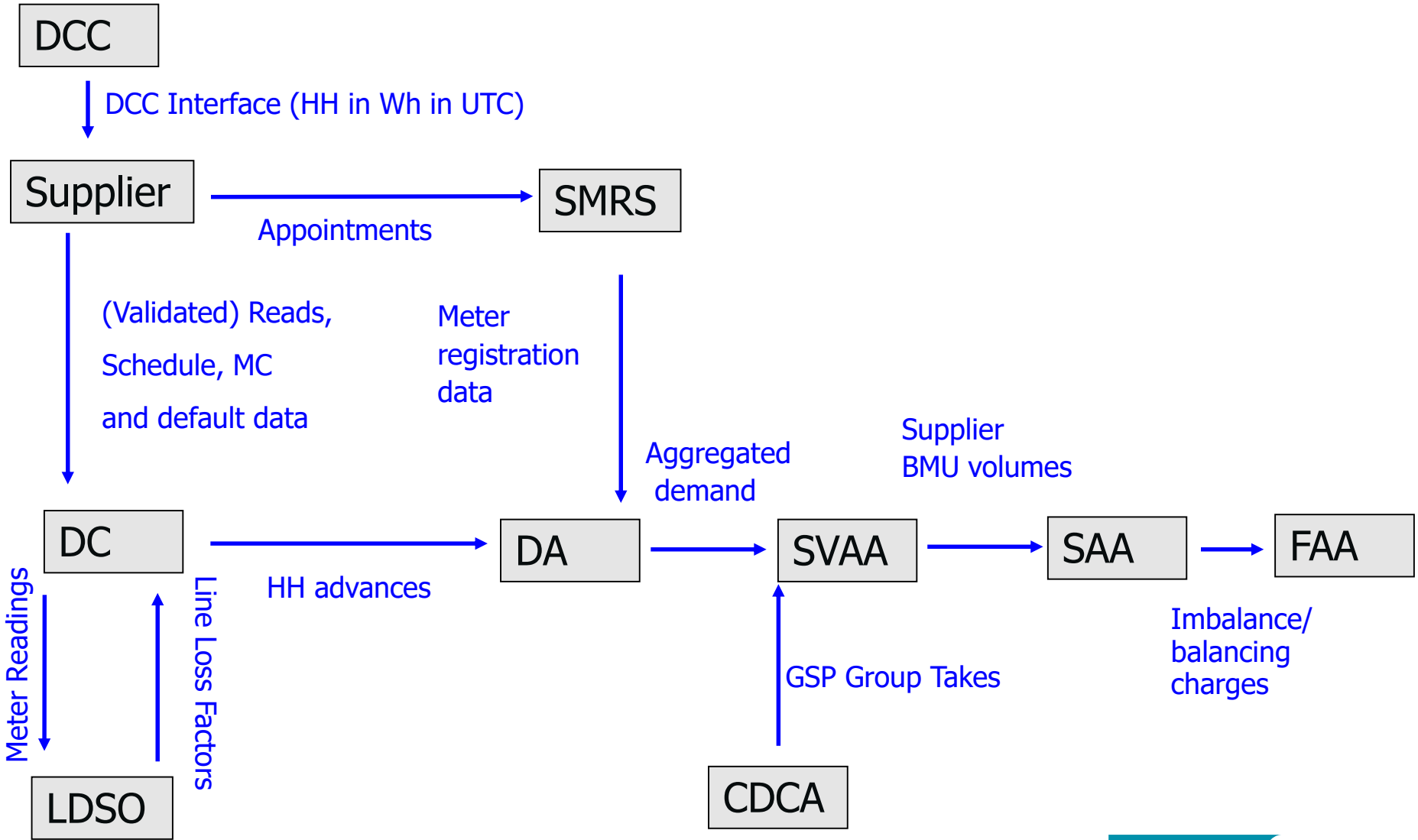
Kevin Spencer

Background - changes introduced for elective HHS

Change area	Source	Code	Change reference	Proposer	Current status
Revised end to end process	SRAG	BSC	BSC CP1469 – Changes to support the implementation of the SRAG's recommendations	ELEXON	Approved by October SVG – to implement in June 2017 Release
		MRA	DTC CP3496 – Changes to support the implementation of the SRAG recommendations	ELEXON	Approved by September MDB – to implement in June 2017 Release
		BSC	BSC CP1466 - Removing SMETS compliant Meters from the scope of BSCP601 'Metering Protocol Approval and Compliance Testing'	ELEXON	Approved by BSC Panel – implemented in February 2017 Release.
Increased HH data precision	SRAG	BSC	BSC CP1464 – Requiring HH consumption data to be processed to appropriate precision	ELEXON	Withdrawn – superseded by BSC CP1469 above
		MRA	DTC CP3492 – Increasing the precision of data items relating to Half-Hourly (HH) Advances	ELEXON	Withdrawn – superseded by DTC CP3496 above, which includes increased data precision
New Consumption Component Classes	SRAG	BSC	P339 - Introduction of new Consumption Component Classes for Measurement Classes E-G	Ovo Energy	Approved by December BSC Panel – to implement in April 2017
Applying Group Correction Factor to certain HH sites	Conclusions paper	BSC	Considered through P339	"	"
Additional CoMC process for smart meters	Conclusions paper	BSC	BSC CP1474 – Updating the CoMC processes to facilitate the elective HH settlement of SMETS Meters	ELEXON	Approved by January BSC Panel – to implement in June 2017
Relaxation of read performance requirements	Conclusions paper	BSC	P347 – Relaxation of R1 Read performance requirements	RWE Npower	Approved by Authority in January – to implement in April 2017
Addressing overcharging for transmission charges	Conclusions paper	CUSC	CMP266 - Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement	National Grid	Approved by Authority in December – to implement in April 2017
BSC specified charges	Conclusions paper	BSC	P346 – Changes to the BSC Specified Charges to facilitate Elective HH settlement	British Gas	Approved by November BSC Panel – to implement in April 2017

SCOPE

CP1469 and DTC CP3496



CP1466 SMETS v CoPs

- This change removed the requirement for Code of Practice (CoP) compliance testing and protocol testing from BSCP601:

This BSC Procedure does not apply to Metering Equipment that is compliant with the Smart Metering Equipment Technical Specification (SMETS) or to communications with such Metering Equipment

It does not remove the requirement for SMETS meters to be CoP compliant as this requirement is stated in the BSC. However, it does remove the requirement for testing if the Meter is SMETS compliant.

Protocol compliance testing was also not required where data was to be collected via the Data and Communications Company …….this was also applied to SMETS 1 on the basis that they would eventually be adopted.

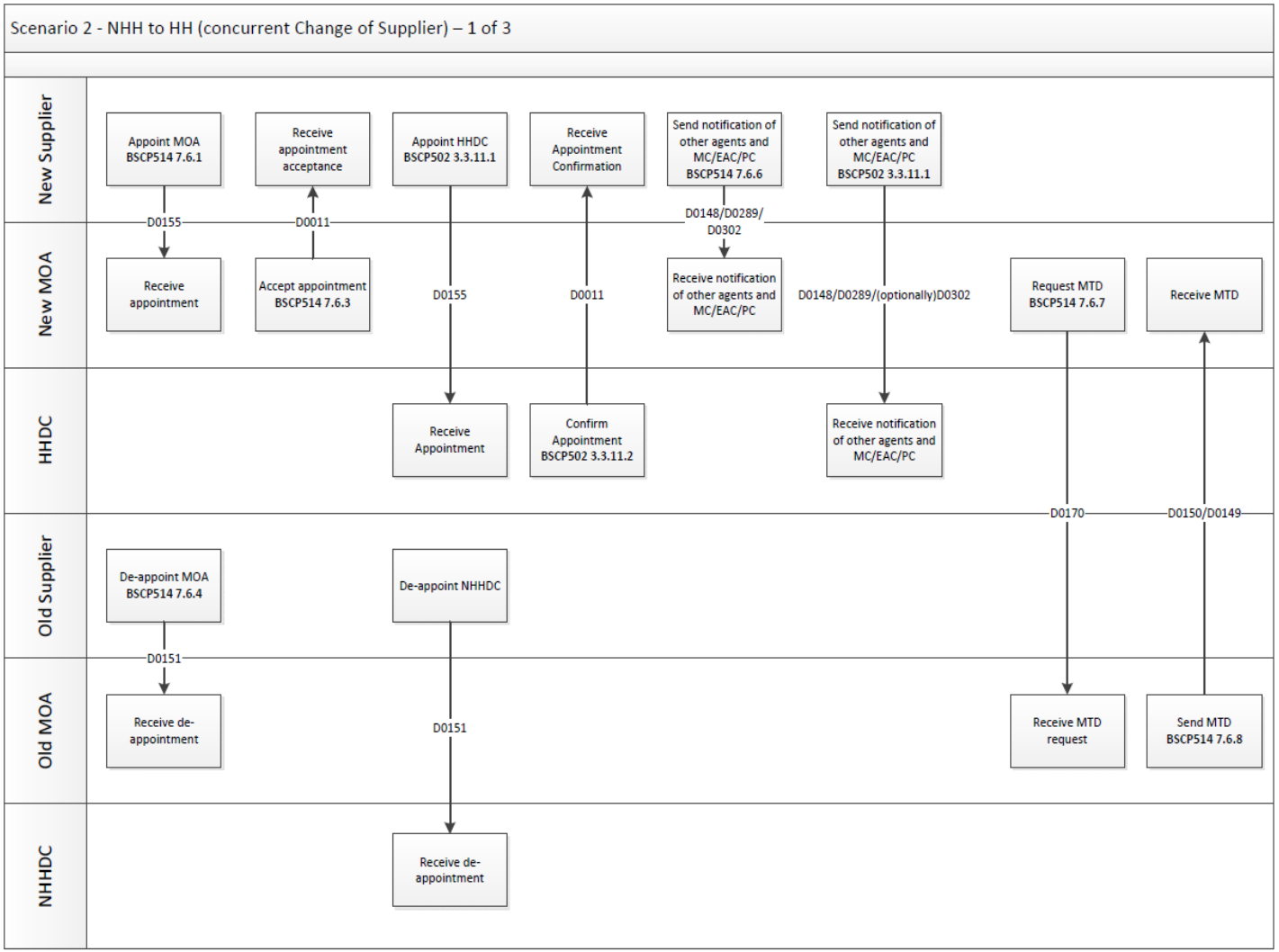
BSC Modification P339

What are the new (and amended) CCC Ids?

The new (and amended) CCC Ids are set out in the table below. All the CCC Ids listed below relate to Half Hourly metered energy.

CCC Id / Measurement Class	E	F	G
HH Active Import Consumption (Actuals)	23	42	54
Active Import Metering System Specific Line Losses (Actuals)	25	43	55
Active Import Metering System Non-Specific Line Loss (Actuals)	26	44	56
Active Import Consumption (Estimates)	28	45	57
Active Import Metering System Specific Line Losses (Estimates)	30	46	58
Active Import Metering System Non-Specific Line Loss (Estimates)	31	47	59
Active Export Consumption (Actuals)	36	48	60
Active Export Metering System Specific Line Losses (Actuals)	37	49	61
Active Export Metering System Non-Specific Line Loss (Actuals)	38	50	62
Active Export Consumption (Estimates)	39	51	63
Active Export Metering System Specific Line Losses (Estimates)	40	52	64
Active Export Metering System Non-Specific Line Loss (Estimates)	41	53	65

CP1474 Updating the CoMC process



Lessons Learnt for Market Wide HHS

- Elective HHS changes were implemented in June 2017
- Too early to assess the effectiveness of the changes
- No reported issues as yet……
- What can we learn from the change process?

Lessons Learnt for Market Wide HHS (1)

- The approach of using a small targeted group and Strawman models worked well:
  - *The SRAG was effective in identifying the changes required for elective*
  - *The CoMC workgroup identified defects in the strawman to identify an alternative approach that was implemented*

  The DWG uses a similar approach

- The Stakeholder communication approach of regular teleconferences and stakeholder events
  - *It is important to keep non-working group stakeholders informed on the direction of travel*

  HHS will use workshops, seminars, publications, webinars, webpages

- CP1466 met resistance due to a misunderstanding of the intent of the change
  - *Is there a better way of getting an understanding of changes by those decision makers?*

  Ensure clear explanation of change and intent at early stage

Lessons Learnt for Market Wide HHS (2)

- Modification P339 had a significant number of consequential system and reporting impacts that were not identified at the assessment stage of the Modification
  - *Are there changes that can be made to more easily identify consequential changes?*

  Highlight areas for potential consequential changes when issuing IAs

- The initial changes undertaken to improve the precision were superseded
  - *Is there a better way to identify if new flows were preferred at an earlier stage?*

  Improve cross code discussion of potential impacts

- The CoMC processes held a walkthrough of the changes (which used to be commonplace).
  - *Use a walkthrough approach for any complex change?*

  Conduct more walkthroughs

Coffee Break

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Considering consumers in HHS

Jenny Banks (Ofgem)
Victoria Pelka (Citizens Advice)

The Big Picture

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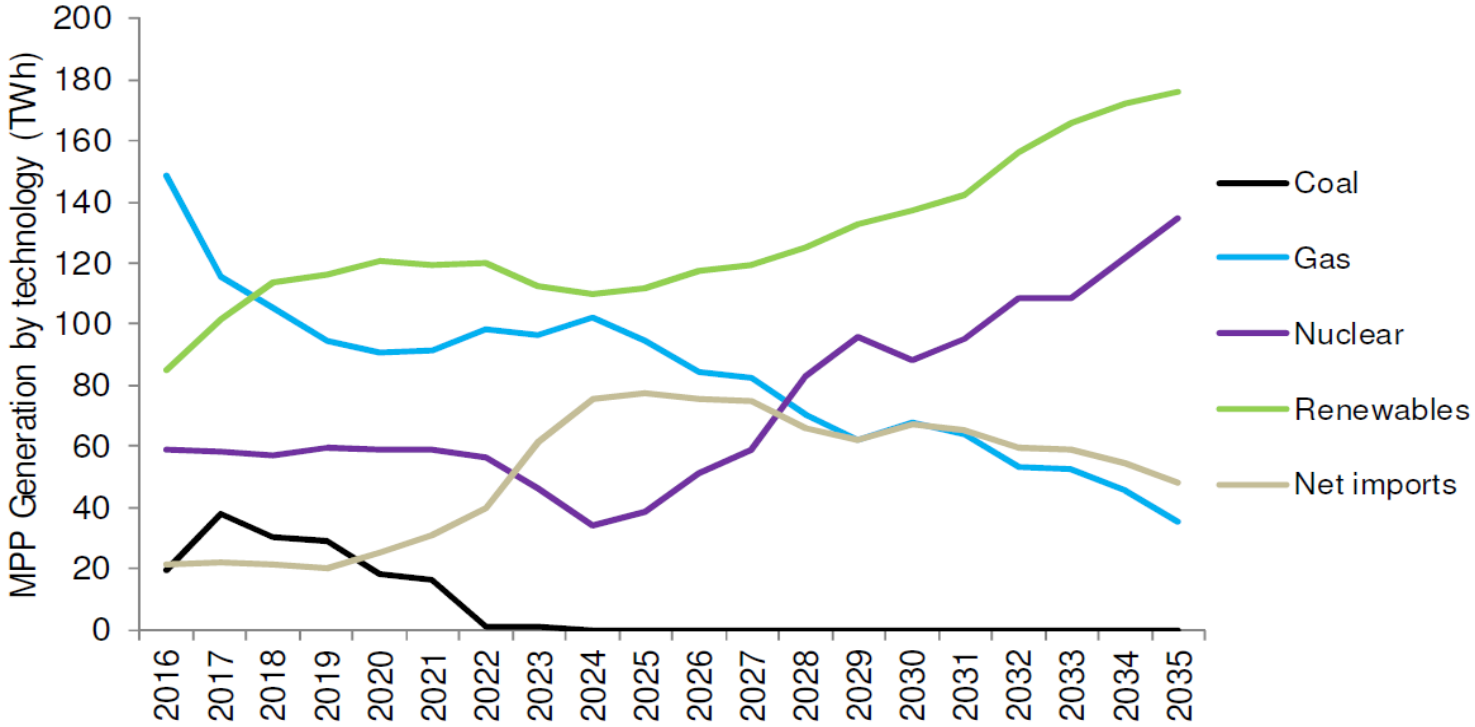
Growth of renewables

"By 2050, we anticipate that emissions from the power sector could need to be close to zero" (BEIS, Clean Growth Plan 2017)

Figure 5.1: Generation and net imports, TWh



*Graph from BEIS updated energy and emissions projections 2016

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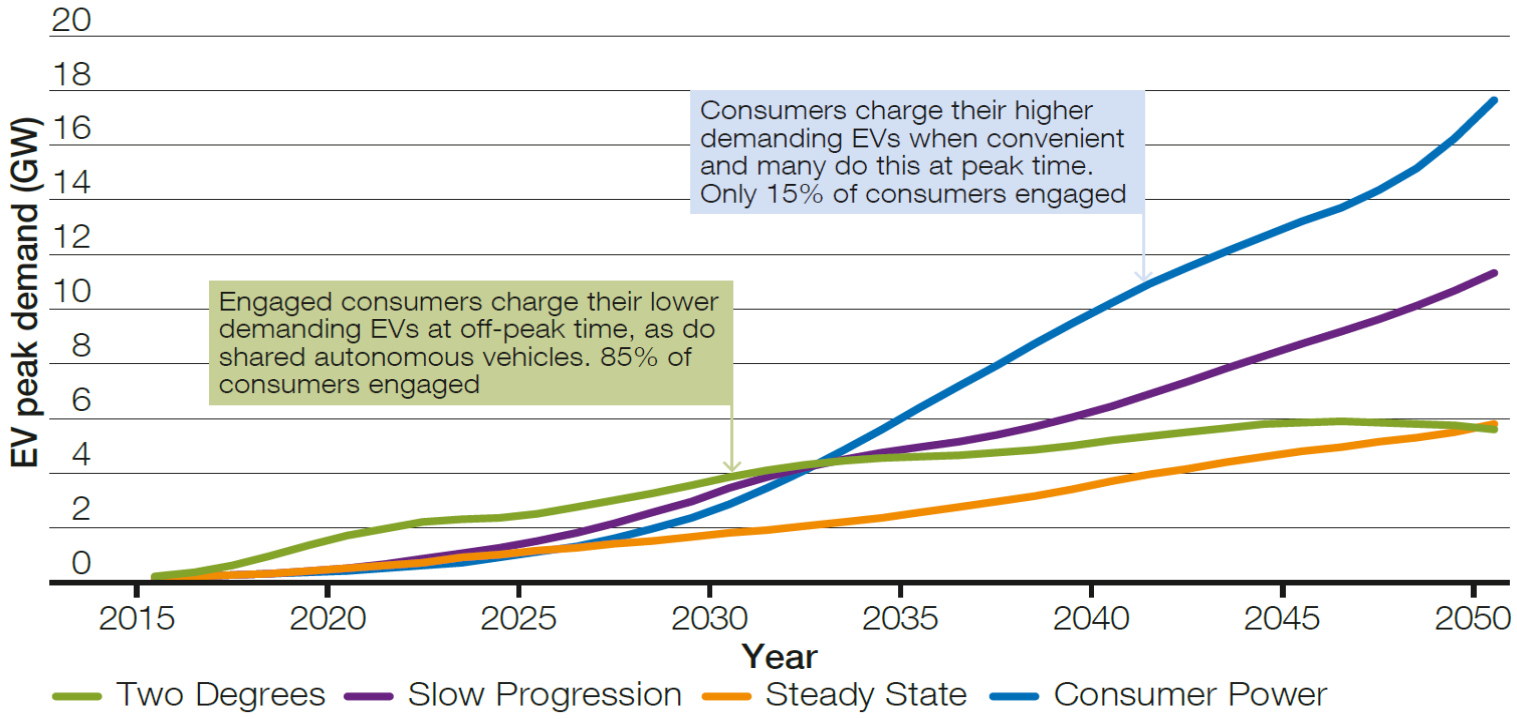
Growth of electric vehicles

Government has announced that it will end the sale of all new conventional petrol and diesel cars and vans by 2040

Peak demand from EVs



Demand from electric vehicles is expected to drive up peak demand by 6-18GW by 2050 according to National Grid's most recent Future Energy Scenarios

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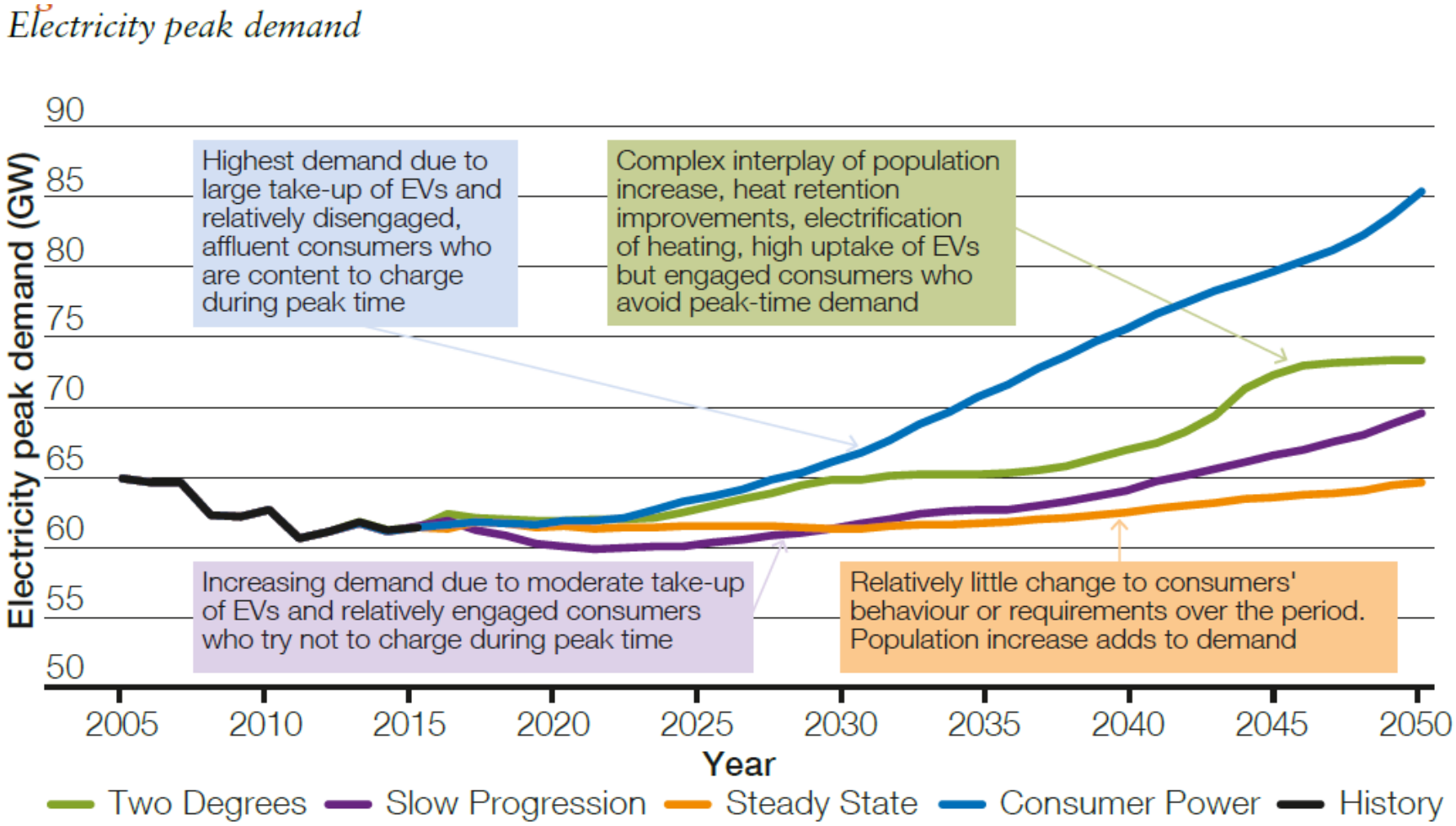
Peak demand projections



National Grid Future Energy Scenarios – Electricity Peak Demand Projections

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Estimates for potential savings from deploying flexibility

"deploying flexibility technologies could save the UK £17- £40 billion from now to 2050 by reducing the required expenditure in low carbon generation, peaking plant and network reinforcement"
Carbon Trust/Imperial 2016

"Smart Power – principally built around three innovations, Interconnection, Storage, and Demand Flexibility – could save consumers up to £8 billion a year by 2030, help the UK meet its 2050 carbon targets, and secure the UK's energy supply for generations"
Smart Power – National Infrastructure Commission, 2016

"system wide benefits of integrating new sources of flexibility relative to the use of conventional thermal generation based sources of flexibility…are potentially very significant – between £3.2bn and £4.7bn per year in a system meeting a carbon emissions target of 100gCO2/kWh in 2030".
Imperial College and Poyry for the Committee on Climate Change 2017

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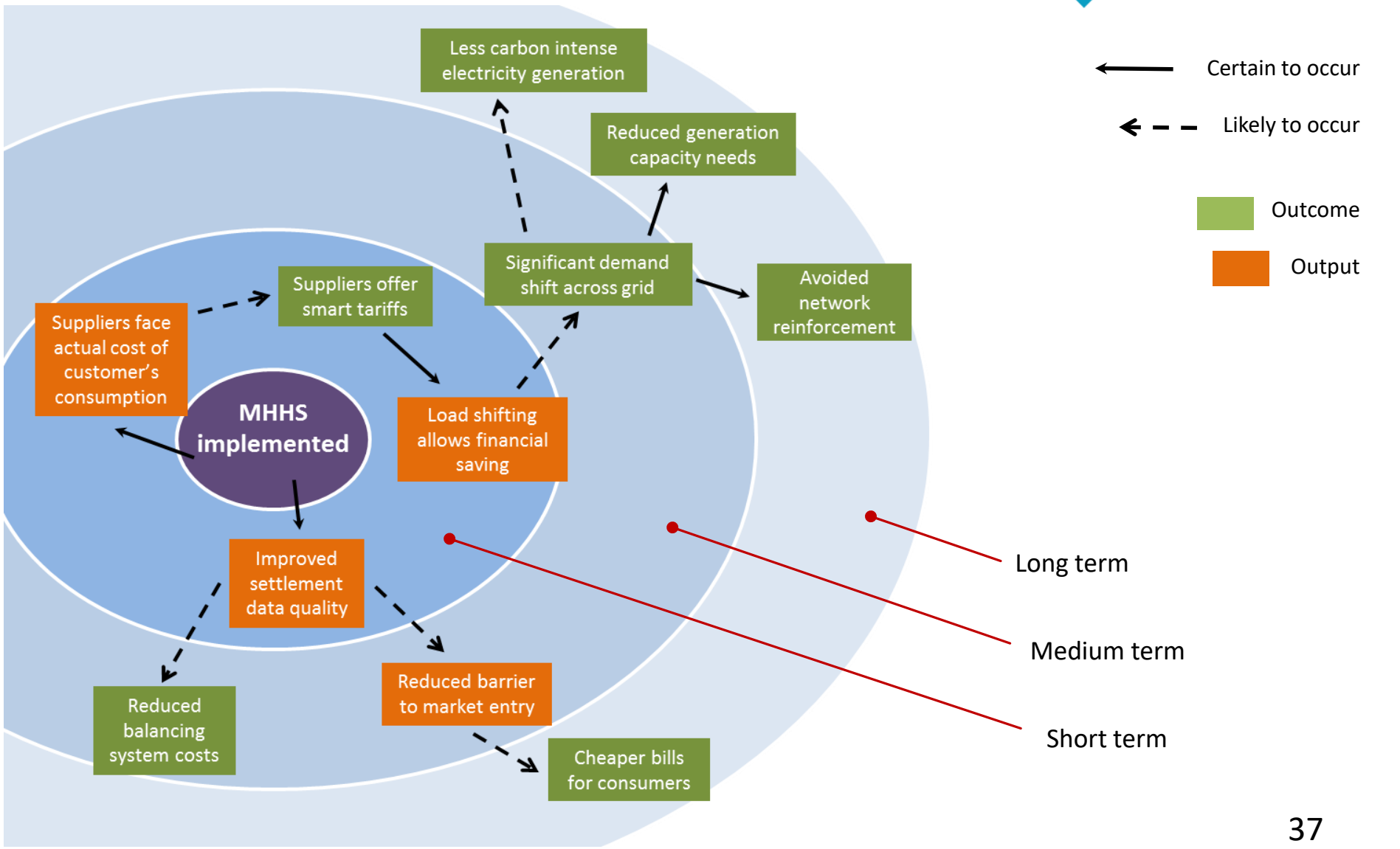
Realising the benefits of HHS



What does this mean for consumers?

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Distributional analysis: bill impacts

Tariff	Static/Dynamic	No behaviour	Behaviour		
Reference Tariff		Average Net Impact on Bill			Interquartile Range
	Static	£0	-£8	-1.3%	-£25/+£12
	Dynamic	£0	-£7	-1.1%	-£9/-£5
Higher Price Incentive					
	Static	£0	-£12	-2%	-£35/+£12
	Dynamic	£0	-£11	-1.8%	-£14/-£9
More Frequent Price Signals					
	Static	£0	-£9	-1.5%	-£29/+£12
	Dynamic	£0	-£22	-3.6%	-£16/-£12
Smart Appliance (pricing and schedule same as reference)					
	Static	£0	-£17	-2.8%	-£34/+£2
	Dynamic	£0	-£10	-1.6%	-£11/-£8
Battery Storage (pricing & schedule same as reference)					
	Static	£0	-£96	-15.6%	-£111/-£78
	Dynamic	£0	-£32	-5.2%	-£32/-£31

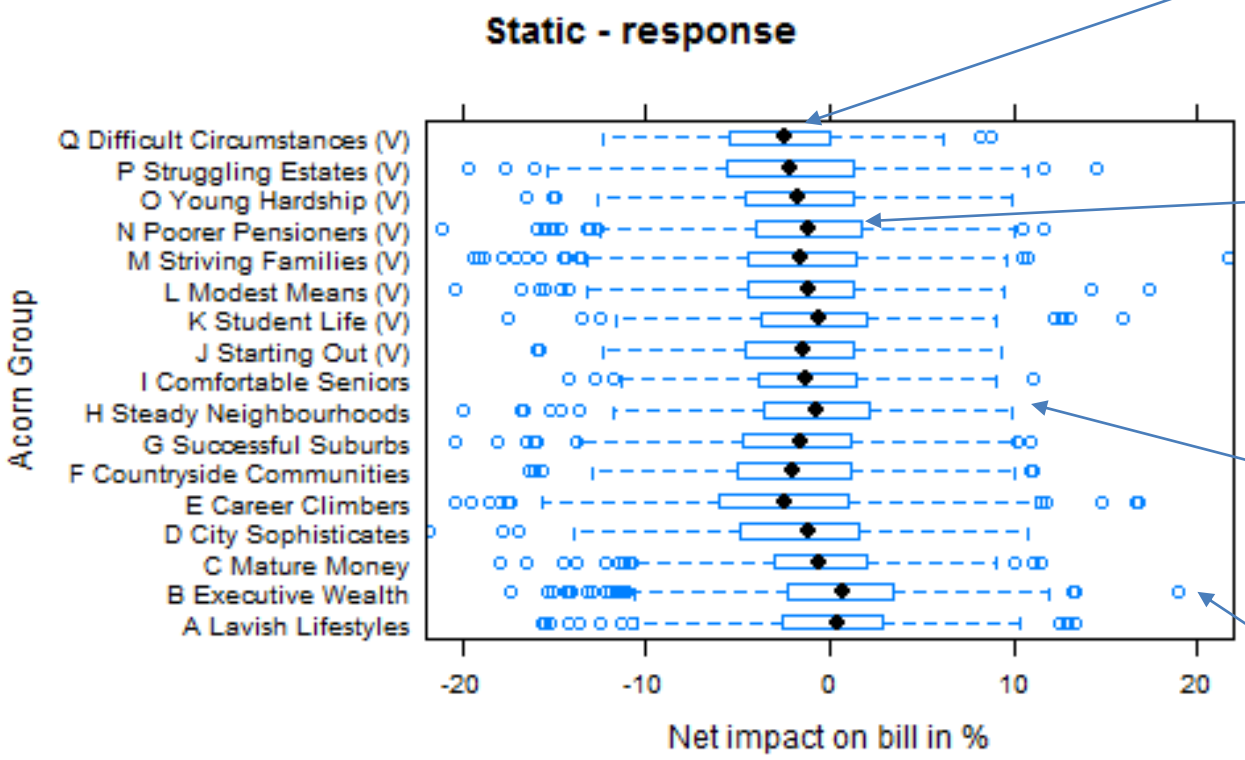
Savings are lower for the dynamic trial as there are fewer periods of peak pricing

Higher peak price but fewer peak price periods

Same prices as reference scenario but increase in frequency of peak/low prices

Distributional analysis: sociodemographic breakdown

Net impact on bills across sociodemographic groups with behaviour change under the reference tariff



Black diamonds denote median

Box shows the interquartile range within each group

Ends of dotted lines are the 2nd and 98th percentiles

Dots are outliers (best to disregard)

Protecting consumers

Ofgem is considering the potential impacts on consumers of market-wide HHS and whether any additional protections will be needed as a result. This will include specific consideration of small non-domestic consumers.

Accessing advice on switching to a time of use tariff

As part of our work to consider any barriers to the benefits of HHS being realised, Ofgem is considering how consumers will easily access accurate advice to help them decide whether to switch to a time of use tariff.

Monitoring the development of HHS and Time of Use tariffs

We will monitor the market closely, including supplier uptake of elective HHS and any impacts on consumers which emerge as a result.

Vulnerable Consumers

There may be distributional effects arising from how smart tariffs affect different types of consumer, based on consumers' circumstances, lifestyle and their ability to shift their usage at peak times. Ofgem will consider whether any additional protections will be needed as a result of moves towards half-hourly settlement.

Current work underway

- Currently gathering evidence on implications of half-hourly settlement for vulnerable consumers
- Open to views from stakeholders through this evidence gathering phase
- Spring 2018: Following our evidence gathering phase we will consult further on consumer impacts to inform our thinking on whether or not any new measures are required to address possible consumer issues or barriers to realising benefits

Half-hourly settlement - the consumer perspective

Victoria Pelka

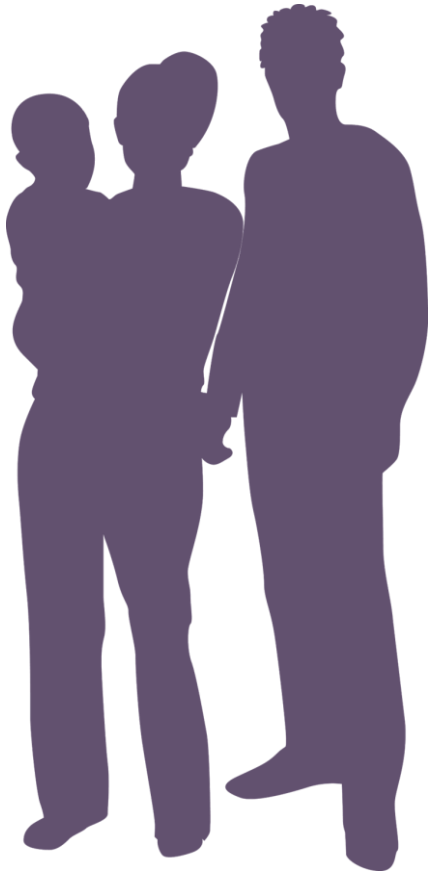
30th October 2017

citizens advice

What do consumers want?

- A system that is affordable, reliable, and without environmental costs
- Strong preference for renewables
- Prefer a system of distributed, renewable energy, to a “big, central power” scenario
- Appetite for transitioning to smarter systems in homes
- Our ToU tariff research indicated consumer enthusiasm for ToU tariffs

Half-hourly settlement is key to facilitating these outcomes



What's in it for consumers?

Direct benefits

- Availability of smart tariffs
- Provision of energy usage advice
- Can participate in flexibility markets
- Some consumers will pay less, more cost-reflective

Indirect benefits

- Significant system benefits from flexibility (avoided costs)
- Faster and more accurate settlement
- Competition benefits (lower credit costs benefit smaller entrants)
- Some specific benefits of HHS will depend on the design of settlement reform

What's at stake for consumers?

Distributional & temporal

- Not all consumers will benefit - e.g.
  - Unable to have a smart meter
  - Usage patterns
  - Vulnerability
- Barriers to participation (cost, complexity)
- Some benefits someway in future

Regulatory

- Convergence of markets (EVs, smart appliances) - clarity of regulatory responsibility?
- EU Clean Energy package due to be finalised just before Brexit (March 2019)

New Markets

- Consumers may choose/be sold inappropriate products/ tariffs
- New market participants - blurred lines of responsibility
- New dimensions of vulnerability (e.g. smart meter comms doesn't work)
- Interoperability of new kit

Data & privacy

- Loss of control of energy usage data
- Suppliers/other agents may not compete strongly if data is more readily available (i.e. if the definition of settlement purposes is too broad)

Data is really important

'Ownership of customer data is key to a more competitive market. Consumers must know - and trust - that they own it, not suppliers.'

Dermot Nolan - EUK conference, 19 October 2017

Mitigations - the new market

- Ensure consumers have information to make choices that are right for them
- Government/regulators should not directly encourage consumers to switch to ToU tariffs yet
- Conduct distributional impact analysis
  - consider how vulnerability changes in a half-hourly enabled market
  - Impact on non-HHS consumers

Mitigations - regulatory & government

- Regulatory clarity in areas of convergence
- Ensure the Clean Energy package is transposed well into UK law
  - Extend consumer protections
  - Smart homes/devices
- Reaching the 2050 decarbonisation goal - consider government policy around those who can’t afford new equipment

Mitigations - robust consumer protection

- Continuation of affordable non-smart tariffs
- Protect consumers from increased bills, for example through encouraging/facilitating the use of critical peak rebates
- Existing protections for the retail market should cover new activities and actors (DSR, aggregators, DSOs)
- Consumers need a robust process and retain the choice/control over who gets their HH data

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Workshop

Questions for discussion

1. What type of tariff would suit this customer best and how would they access information to identify this tariff and make an informed switching decision?

2. If they switched to a smart tariff, what risks and opportunities could they face by doing so?

3. What could be done to mitigate any risks or realise benefits and where would responsibility lie for this?

Scenario 1: Fatima

Description: Fatima is an elderly person living alone. She has no internet access. She is reasonably active during the day but concerned about the cost of heating so her home is often cold.
Tenure: Socially rented flat in a tower block
Income: On a low income
Heating type: The flat has instantaneous (not night storage) electric heating
Current tariff: Fatima is on a flat SVT tariff and pays quarterly by cash
Consumption pattern: High late afternoon and evening use because of reliance on electric heating in the winter months

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Scenario 2: Robert and Betty

Description: Robert is disabled and lives with his wife Betty who is also his full time carer. Mainly housebound. They have slow unreliable internet access.
Tenure: Privately owned accommodation in a rural area
Income: Low income reliant on disability benefits
Heating type: Electric storage heating
Current tariff: Economy 7 ToU tariff. Pay quarterly by cheque.
Consumption pattern: Their daytime electricity consumption profile is fairly flat and relatively flexible. Use is high overnight when the electric storage heaters charge. Occasionally top up heating with instantaneous electric radiators if the storage heaters run out of heat in the evenings.

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Scenario 3: Andreas and June

Description: Andreas and June live with their children Sam and Jo in a suburban area. Andreas works during the day; June is a stay-at-home mum. Sam recently started primary school; Jo is a year old.
Tenure: Private rented accommodation
Income: Andreas is on a low income and claims in-work benefits.
Heating type: Gas central heating
Current tariff: A flat SVT tariff. Pay quarterly by cheque
Consumption pattern: Low peak demand (June cooks and cleans during the day). Most appliances in the house are old and inefficient.

Scenario 4: Maya

Description: Maya is a professional in her early 30s. She is usually out at work during the day. She is enthusiastic about new technology and controls her heating remotely.
Tenure: Recently bought her house which is in an urban area
Income: Maya is a higher rate taxpayer
Heating type: Gas central heating
Current tariff: A fixed rate flat tariff deal that ends in a few months. Maya switches every year using a PCW and monitors her consumption through the smart meter's IHD. She pays by direct debit.
Consumption pattern: Fairly high early evening consumption when she's in but more often than not she arrives home after the evening peak due to her active social life and long hours at work.

Scenario 5: Alison and John

Description: Alison and John are an older couple whose children have left. Alison is retired. John is a part time consultant. They have internet but not smart phones. Recently purchased an EV.
Tenure: Semi rural home. Mortgage has been paid off.
Income: Comfortably off
Heating type: Biomass boiler
Current tariff: They switch tariff every year and are currently on a fixed-rate tariff. Alison chose a green tariff, although it was a little more expensive than non-green alternatives.
Consumption pattern: Very high early evening consumption almost entirely a result of charging their EV most days. They use electricity for cooking in the evening but have some flexibility in their consumption as one or both are often around in the daytime.

Lunch

Reconvening at 1.45pm

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Access to Half-Hourly Data for Settlement

Jenny Banks (Ofgem)

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Data access and privacy framework

The Data Access and Privacy Framework was established by DECC in 2012 and, along with the relevant data protection legislation, sets out the basis upon which suppliers can access consumer's data from smart meters and the choices consumers have in relation to this access.

Rules governing electricity supplier's access to consumption data are set out in Section 47 of the Standard Conditions of Electricity Supply Licence. Relevant clauses of particular relevance to the half-hourly settlement programme can be summarised as follows:

- Suppliers may only access a domestic consumer's half-hourly consumption data with the explicit consent of the consumer and providing they have informed the consumer of the purposes for which they may use the data (opt-in)

- Suppliers may access a microbusiness's half-hourly consumption data if they have informed the consumer of the purposes for which they may use the consumption data and they have not opted out.

- Consumers may change their preferences on sharing data from their smart meter at any time and must be informed that this is the case.

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Overview of data protection regulation

There are two wider pieces of data protection legislation which are relevant to parties accessing, using and storing data from smart meters:

- UK Data Protection Act 1998
- General Data Protection Regulation (GDPR) – this comes into force on 25th May 2018 and will be directly applicable.
- GDPR will put in place more stringent obligations in relation personal data processing than apply under the DPA

Compliance with this legislation is overseen by the Information Commissioner which was set up to uphold information rights

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Options under consideration

No	Option
1	Access to half-hourly data subject to existing data access rules (opt-in) (the status quo)
2	Half-hourly data is available for settlement purposes only with an option for consumers to opt-out
3	HH data is available for settlement purposes only
4	HH data is available for settlement purposes only following pseudonymisation (MPAN replaced with unique identifier)
5	HH data is available for settlement purposes only following anonymisation (MPAN removed at an early stage of the settlement process)

Points to note

The options considered for access to half-hourly data relate to the collection and use of this data for settlement purposes only

Settlement purposes only **does not** include use of half-hourly data for forecasting, billing or marketing

Our proposals will therefore not impact wider access to smart metering data as set out under the smart metering Data Access and Privacy Framework

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Key considerations for decision making

- The smart metering data access rules in GB were designed to ensure that consumers' data are protected and to give them the confidence to accept the offer of a smart meter

- Depending on the access to data option chosen, the proportion of consumers who cannot be half-hourly settled may be small or relatively large. This will have implications for the design of settlement processes and realisation of the intended benefits of HHS

- Further consideration will need to be given as to any bespoke rules which may be necessary for consumers with a smart meter installed prior to the point at which any regulatory or code changes are made

Things to think about

- Impact on consumer privacy and data security
- Implications for accuracy of data in settlement
- Extent to which it facilitates delivery of the benefits arising from half hourly settlement for all smart metered consumers
- Cost implications
- Legal implications

Gathering Evidence and interaction with TOM development

- Gather evidence to inform a decision on access to data for settlement.
- Undertake a Privacy Impact Assessment which will form a key part of the evidence base – we issued a small RFI on 19 October 2017
- Work closely with ELEXON to consider the implications of access to data options for the development of Target Operating Models
- We plan to:

a) consult stakeholders about access to data for settlement in Spring 2018

b) make a final decision on access to data for settlement following the outline business case

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Workshop Questions

1. What are your initial reflections on the options and approach on access to data for settlement?

2. What could the risks and benefits of options under consideration be in relation to:

a) Consumers

b) Broader ambition to move towards a flexible electricity system

c) Suppliers and their agents

Things to consider: Consumer confidence in smart meters, incentives to offer smart tariffs to consumers, cost and complexity of settlement processes,

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Coffee Break

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Data quality in future

Martin Bell (Ofgem)

Introduction

What data quality issues will need to be identified and addressed in future?

One input in helping us decide

Who is best-placed to do this?

Focus for today's session – setting out an initial scenario

Ie whether or not to centralise functions currently performed by supplier agents

- **Scope for this discussion:** DCC-enrolled smart meters
- Slides should be considered in conjunction with pre-reading

Drivers for change

Appear to be two key drivers for future data quality

May reduce (or eliminate) issues linked to, for example:

Smart meters

- Frequency of meter readings
- Accuracy of meter readings
- Readings on specific days (eg for Change of Supplier)

Market-wide HHS

- Meter Technical Details
- Estimated Annual Consumption

- There may be other possible drivers - and some stakeholders suggested that the drivers above could increase exceptions in some ways on a transitional basis

Possible future issues

Given these key drivers for change…

Smart meters

Market-wide HHS

…the remaining issues could include those linked to:

- Technical aspects (metering/communications)
- Appointments
- Not following procedures correctly
- Manual processing errors
- Implementation of changes
- New sources of exceptions?

Discussion

- Around 40 minutes for discussion on your tables
- Will be collecting notes, rather than having each table feeding back individually – please therefore select a note-taker

Questions for discussion

1. What do you think about the key drivers for changes in data quality and their impacts?
2. What do you think about the scenario for the future of data quality?
3. Given the scenario, do you think there are any implications for whether or not to centralise functions currently performed by supplier agents?

Next steps

- We are continuing to review responses to the RFI and to develop our thinking in a number of key areas
- Our current expectation is that we would carry out a consultation around March 2018, to inform our Outline Business Case
- If you would like to meet with us on this topic, please contact half-hourlysettlement@ofgem.gov.uk

Thank you

half-hourlysettlement@ofgem.gov.uk

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