

Feedback Form

Once completed, please send this form to
HalfHourlySettlement@ofgem.gov.uk by 1 September 2017.

Organisation:

Contact:

Is your feedback confidential?

YES

NO

Q1. Do you agree with our proposal to opt for SCR Option 3: Ofgem leads an end-to-end SCR process, as outlined on pages 5-6 of the Launch Statement?

DCC agrees, in principle, with Ofgem's proposal to opt for SCR Option 3.

Options 1 & 2 are well suited to coordinating cross-code change but Ofgem's control diminishes once the modification is raised.

Option 3 will allow Ofgem to exercise comparatively greater control over the delivery of mandatory half-hourly settlement (HHS), leading to the following programme benefits:

- Minimising the risk of delay;
- Ensuring that outcomes accurately reflect the desired policy intent;
- Balancing the interests of multiple stakeholders; and
- Closer alignment with the Competition and Markets Authority recommendation regarding code governance for a strategically important code modification of this nature.

However, this option will require a high degree of co-ordination between Ofgem, Elexon and other relevant stakeholders, including the DCC, to ensure that desired HHS outcomes are achieved. DCC's experience from Ofgem's Switching Programme confirms this view and the need for an agile decision making process. Further information to all stakeholders on how this co-ordination will be achieved is strongly encouraged.

Q2. Do you agree with our proposed governance model for the Target Operating Model, outlined on pages 6-8 of the Launch Statement and detailed in Appendix 2A? This includes the Terms of Reference for the DWG and DAB in Appendices 2C and 2D.

DCC agrees, in principle, with the overall approach to Ofgem's proposed governance regime for the Target Operating Model (TOM) design. Given the different levels and types of decision making associated with the proposed governance model, DCC would stress the need for a clear and efficient channel of communication between the DWG, DAB, Ofgem TOM Board, and the SRO. An effective communication plan will ensure clear/quick appreciation of decisions taken at various levels, and limit any negative impact on programme timescales. Further information on such a communication plan is strongly encouraged.

In addition, the TOM governance model should take into account any wider industry programme dependencies (e.g. dependencies from Switching Programme and Smart Meter Implementation Programme). Such dependencies must be understood and fulfilled within the TOM design process.

DCC also agrees with:

- The introduction of an escalation procedure for DWG decision making. This escalation procedure has to be actively managed and implemented to achieve its desired impact; and
- The approach to the SRO retaining ultimate authority over decision making. However, it is critical that SRO decisions do not form a 'bottle-neck'. As a result, it may be appropriate for SRO to delegate certain decision making authority below a certain level of impact to, for example, the TOM Board.

Finally, given the significant impact of a TOM design on the DCC systems, we would stress the importance of DCC representation on both the DWG and DAB.

Q3. Do you agree with the Target Operating Model Design Principles, set out in Appendix 2B?

DCC agrees, in principle, with Ofgem's proposed TOM design principles. DCC also welcomes the introduction of clearly defined HHS objectives and TOM strategic objectives. In order to meet the desired TOM outcomes, DCC would stress the need for the design principles, HHS objectives and TOM strategic objectives to be applied transparently in decision making at all levels of the TOM design process.

In terms of the design principle dealing with Data Retrieval and Processing, DCC would propose the following additional elements:

- The use of existing infrastructure in data retrieval and processing, where appropriate, to mitigate the cost and time implications associated with new infrastructure delivery; and
- Limiting the extent of concurrent disruption to existing systems of all relevant stakeholders, given range of existing cross-industry change programmes (e.g. Switching Programme and Smart Meter Implementation Programme)

Finally, DCC agrees with the approach to promoting simplicity throughout the TOM design process, and in particular around centralisation / streamlining of data retrieval, collation and processing. This approach will contribute to an optimal level of data consistency, which should be a key requirement in the TOM design.