



Making a positive difference
for energy consumers

Feedback Form

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

Organisation: Good Energy

**Contact: Tom Steward, External Affairs Executive
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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?*

We are supportive of the proposed SCR option 3, providing there are appropriate opportunities for engagement by small suppliers, for whom the challenges of mandatory half-hourly settlement differ from those of larger suppliers.

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.

We welcome Elexon's role leading the design work on the target operating model. We feel that nominating an institution which has both the role of critical friend, and is required by its code of practice to represent the interests of small suppliers, will help to protect the interests of those which are likely to have least resources to engage in the SCR, and which are likely to be most affected by the changes. Small suppliers have fewer customers across which to recover the costs imposed by the move to mandatory half-hourly settlement, and small suppliers generally operate in the most competitive area of the market where consumers are often price-sensitive. It is essential that the interests of this growing group of stakeholders are fully considered in the SCR.

Q3.

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

We are highly supportive of minimising the impact on consumers as a principle of the target operating model. The introduction of mandatory half hourly settlement has the potential to significantly affect the way domestic and small business consumers engage with their energy consumption by means of unlocking new business models and operating practices.

Small suppliers now represent approximately 17% of domestic electricity market in Great Britain, often attracting some of the most engaged consumers, many of whom are likely to be early adopters of new technologies and consumption practices which can develop from the introduction of mandatory half-hourly settlement. These consumers are therefore essential stakeholders in the transition to a renewable, flexible, affordable and secure energy system, of which half-hourly settlement is an essential building block.

The introduction of mandatory half-hourly settlement represents a potentially significant operational risk to small suppliers, and given their role as suppliers of this key group of consumers, it is essential that the needs of small suppliers are taken into account throughout the whole process. If the transition to mandatory half-hourly settlement does not run smoothly for small suppliers, it has the potential to lead to disengagement or mistrust in the whole sector by a group of consumers which are essential to delivering the energy transition.