

Feedback Form

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

Organisation: Northern Powergrid

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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?*

Yes, we agree with this proposed approach.

Assuming that the work on the Target Operating Model and Business Case result in a decision to proceed with mandatory half hourly settlement, the resulting industry code changes are likely to be both significant and wide ranging, covering a number of interdependent codes. With this in mind, we would have concerns with both options one and two that the changes could ultimately be progressed in isolation without the appropriate level of communication and collaboration between the Working Groups looking at each code.

The proposed option three should mitigate this risk by ensuring Ofgem maintain oversight of all of the changes being progressed, and ensure interdependent code changes proceed on mutually acceptable timescales.

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 agree with the broad approach taken for the governance of the development of the Target Operating Model. However, we would expect the arrangements to be reasonably flexible as the project progresses, to ensure that the framework established is operating as it should and not causing undue delay to progress, nor preventing interested stakeholders from participating.

We are particularly interested in the regular contact with stakeholders – we do not intend to participate in the Design Working Group as we feel other parties are better placed to provide the necessary expertise; nonetheless, we will be looking to follow the progress of the Target Operating Model design closely, and would welcome the opportunity to provide input on a regular basis, both informally through (for example) regular teleconference updates and through formal consultation responses.

The success of the Design Working Group and Design Advisory Board will be reliant on the selection of appropriately broad but sufficiently targeted expertise, and appropriate separation between the two groups. We note that the chair of the Design Working Group will attend the Design Advisory Board, but beyond this interaction we would expect the two groups to act independently of one another, to ensure the Design Advisory Board can apply appropriate scrutiny to the proposals put forward by the Design Working Group, rather than simply acting as a 'rubber stamp' for Design Working Group proposals.

Q3.

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

We broadly agree with the Target Operating Model design principles set out in the SCR launch statement.

We particularly support the inclusion of the settlement of export as a design principle – we look forward to seeing the analysis carried out by the Design Working Group on the costs and benefits of settling export. As the level of small scale generation increases, we believe it is unsustainable to leave such exports unsettled, and we see the work on mandatory half hourly settlement combined with the smart meter rollout as an ideal opportunity to settle all export.

We are concerned about the interaction with network charging, with Ofgem's Targeted Charging Review citing capacity charging as one option for more equitably allocating the 'residual' element of network charges. If the Targeted Charging Review SCR were to land on this as a favoured option, changes would be needed to data received by DNOs and suppliers to facilitate Use of System invoicing. It is imperative that the two SCRs do not progress independently of one another – the risk to be mitigated is that the mandatory half hourly settlement SCR introduces settlement reforms which act as barriers to the implementation of code changes resulting from the Targeted Charging Review SCR.