

PUBLIC

The Target Operating Model for Market-wide Half Hourly Settlement

Attachment C: Risks, Assumptions, Issues and
Dependencies



ELEXON
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INTRODUCTION

This is an attachment to the Design Working Group's (DWG's) report to Ofgem on its recommended Target Operating Model under the Ofgem-led Significant Code Review (SCR) for Market-wide Half-Hourly Settlement (MHHS).

This attachment sets out the Risks, Assumptions, Issues and Dependencies (RAID) identified by the Design Working Group (DWG) to support the development of the Target Operating Model (TOM).

Scope and purpose

The RAID log is used by the DWG for its TOM design work. The DWG reviews the RAID log regularly and updates it as necessary.

The log is not intended to capture any RAID relating to

- Ofgem's wider SCR business case for MHHS; (which falls outside the DWG's remit);
- The Department for Business, Energy & Industrial Strategy's (BEIS's) smart Meter roll-out (which falls outside the DWG's remit); or
- ELEXON's or Ofgem's project management and resources (which are monitored separately/internally).

This document should be read in conjunction with the [Design Principles](#) set out in Appendix 2 of Ofgem's SCR launch statement.

RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES (RAID)

The DWG has identified the following RAID:

Risks

No.	Risk	Notes	Mitigation in place
R01	That changes for the TOM de-stabilise the existing Half Hourly (HH) Settlement.	The existing HH market of some 260k Metering Systems accounts for around 50% of the energy Settlement. Changes to the Settlement arrangements for smart Metering Systems should not disturb the established activity.	The DWG have minimised the changes to the processes for the Services in this Market Segment. The transition approach will also seek to minimise this risk.
R02	That European legislation requires a move to 15-minute ('quarter-hour') Settlement.		The TOM design refers to 'Settlement Period' and not 'half hour' or '30 minutes'.

No.	Risk	Notes	Mitigation in place
R03	That Ofgem's work on charging reform ¹ develops requirements, late in the DWG process, that affect the TOM design.		There is close contact between Ofgem's MHHS and charging reform teams. The TOM design has flexibility to support network charging in different ways, depending on the requirements.

Assumptions

No.	Assumption	Notes	How/when to validate during Stage 2
A01	That the BRPs will remain the Registrants of Metering Systems.	The Registrant may be part of a bundled service provider of which the BRP role is a part. A less likely possibility is that the Distribution Business becomes the Registrant.	By keeping a watching brief on the joint BEIS-OFGEM Future Energy Retail Market Review announced by the secretary of state in November 2018 (this Review follows Ofgem's Call for Evidence on Future Supply Market Arrangements) – however this review is unlikely to conclude during Stage 2 timescales.
A02	That the communication networks (specifically the Data and Communications Company (DCC)) will be able to handle the amount of data that will be required for MHHS arrangements – either through its current system or by making changes to that system.	DCC will need to look at all the capacity considerations.	By confirming the assumptions behind the DCC's existing capacity and thereby if/what additional capacity is required. ELEXON and Ofgem are discussing this with the DCC. The DCC will also provide an impact assessment during Stage 2, to support Ofgem's MHHS Business Case.
A03	That the DCC is able to meet its SLAs in terms of maintaining successful communication links with Meters.	Assumed that Ofgem will ensure this under the DCC licence. The DCC Licence is granted by BEIS but Ofgem are the regulator.	Cannot be validated during Stage 2 timescales.

¹ Including Ofgem's [Targeted Charging Review \(TCR\) SCR](#) and its [Reform of network access and forward-looking charges](#).

No.	Assumption	Notes	How/when to validate during Stage 2
A04	That the HH data from smart Meters is of a level of accuracy, and is suitable, for use in Settlement.		Through the Smart Metering Equipment Technical Specifications (SMETS) , which set out the required accuracy and format for smart Meter data?
A05	That there will be some Meters for which HH data cannot be collected.	This could be due to metering/communication issues or data privacy concerns – or because the customer doesn't have a smart Meter.	Through Ofgem's policy decision on data privacy/access (see Dependency 03). The DWG has already validated that the customer has the right to refuse a smart Meter and that there are communication issues with some already-installed smart Meters.
A06	That Settlement will continue to be in clock time and Meter data will need to be converted from Coordinated Universal Time (UTC).	Smart Meter data is stored in UTC.	Through the SMETS, which confirm that the data log requirements are to store data in UTC. Under the TOM design, data will be converted from UTC to clock time as part of the Central Settlement Services.
A07	That Settlement data will need to be processed from Watt hours (Wh) to kilowatt hours (kWh) for processing, and to Mega Watt hours (MWh) following Aggregation.		Through the SMETS, which defines that the data log stores data in Wh. Under the TOM design, data will be converted from Wh to kWh by the Processing Services and from kWh to MWh by the Central Settlement Services.
A08	That all smart Meters will be serviced by the DCC in the target end state.	This may require adoption or replacement of some SMETS Meters.	Through the BEIS member of the DWG, who has confirmed that this is BEIS's intention. BEIS has also consulted on this approach.
A09	That there will be sufficient smart Meter uptake with access to relevant customer data for the TOM to operate effectively.	While the TOM can settle customers on Register Reads using load shapes, there needs to be enough smart Meter customers providing Half Hourly data to Settlement to derive these load shapes.	Cannot be validated in Stage 2 timescales. Ofgem will need to consider this when deciding whether/ when to proceed with MHHS.
A10	That any new/amended registration service developed under the Faster Switching SCR will not impact the TOM design.	This reflects the DWG's understanding of the Faster Switching design. The development of the Retail Energy Code is unlikely to impact the TOM.	Through discussions between ELEXON and Ofgem, which have confirmed that there is no impact on the TOM design.

No.	Assumption	Notes	How/when to validate during Stage 2
A11	That the TOM design will not include the Settlement of 'behind the Meter' metering, but will not be a barrier to any separate Modification Proposal in this area.	Some 'behind the Meter' solutions may be implemented before MHHS (e.g. those arising from Issue 70 and the ELEXON White Paper on multiple providers). The final TOM design may need to flex, after the conclusion of Stage 2, to incorporate these.	Through the impact assessment process for any Modification Proposal(s) in this area, if raised during Stage 2.
A12	That the DCC structure can support the use of the TOM's Meter Data Retrieval service.	Changes to the Smart Energy Code (SEC) may be required, in order to define a new type of DCC User who is allowed to retrieve consumption data for the smart Meter.	Through the TOM design, under which the Meter Data Retrieval Service will be a party to the SEC.

Issues

No.	Issue	Notes	How to progress
I01	Settlement of export	There is an issue with microgeneration export spill. There is currently no requirement to meter or settle export data from Micro-generators.	This issue is closed. The TOM will process export data where registered.
I02	Related Meters	There are issues with losing identification of the related Metering System when transitioning Sites between HH and Non Half Hourly (NHH) Settlement.	By keeping a watching brief on the resolution of this issue under the Faster Switching SCR, where the registration system will need to hold Related Meter as a data item. The DWG also believes that this is not an issue once a smart Meter is installed. REC development is likely to address these issues.
I03	Identifying types of customers and metering at point of sale	There is an issue with identifying what type of metering and type of data can be accessed from customers at point of sale. E.g. legacy NHH, Smart HH/NHH.	By keeping a watching brief on the resolution of this issue under the Faster Switching SCR, where the proposal is that Meter Technical Details are moved to the Supplier Meter Registration Service (SMRS). The expectation is that SMRS will be notified when a smart Meter is installed (both SMETS1 and SMETS2). The DWG also notes that this is a point of sale, not a Settlement, issue. However, if there

No.	Issue	Notes	How to progress
			is a Settlement requirement for customer type to be recorded, it would be possible to repurpose another 'retired' data item such as Profile Class. REC development is likely to address this issue.

Dependencies

No.	Dependency	Notes	Status of dependency
D01	Smart Meter Roll out	The smart meter roll-out plays a key role in delivering the functionality for HHS. There will be a need to monitor the uptake of smart metering and estimate the potential number of customers wishing to remain on non-smart metering.	Closed: See Assumption A09
D02	Faster Switching	Interaction of TOMs and any centralised registration arrangements developed to support centralised switching will also need to be considered.	Closed: See Assumption A10
D03	SCR Policy Decision: Data Access	The TOMs will need to reflect Ofgem's policy decision on access to HH data for Settlement purposes .	The TOM design is consistent with Ofgem's ' least-regrets ' steer. If the final policy decision differs from this steer, then the DWG may need to revisit the TOM design and timetable of work.
D04	SCR Policy Decision: Supplier Agent Functions	The TOMs will need to reflect Ofgem's policy decision on Supplier Agent functions under market-wide Settlement reform .	The TOM design is consistent with Ofgem's ' least-regrets ' steer. If the final policy decision differs from this steer, then the DWG may need to revisit the TOM design and timetable of work.