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Making a positive difference
for energy consumers

<u>Feedback Form</u>

Once completed, please send this form to
HalfHourlySettlement@ofgem.gov.uk by 12 November 2018.

Organisation: The Association for Decentralised Energy (ADE)

Contact: Rick Parfett **–** rick.parfett@theade.co.uk

Is your feedback confidential? YES ☐ NO ☒ **X**

Unless you mark your response confidential, we will publish it on our website, www.ofgem.gov.uk, and put it in our library. You can ask us to keep your response confidential, and we will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your response confidential, you should clearly mark your response to that effect and include reasons.

If the information you give in your response contains personal data under General Data Protection Regulation (EU) 2016/679 and Data Protection Act 2018, the Gas and Electricity Markets Authority will be the data controller. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. If you are including any confidential material in your response, please put it in the appendices.

Question 1: Do you have any comments on our updated analysis and thinking?

> The ADE supports Ofgem's updated analysis and thinking.

Question 2: Do you agree with our proposed position? If not, please explain why.

The ADE agrees with Ofgem's proposed position not to include centralisation of agent functions within their work on market-wide settlement reform. As Ofgem have stated, there do not appear to be compelling reasons why a central agent would deliver significant consumer benefits.

Any decision by Ofgem to remove a potential area of competition and differentiation in a market should have an appropriately high threshold, such as strong evidence that a centralised solution would provide significantly greater efficiencies and incentives to innovate over a competitive model. No such evidence has been provided, and examples from comparable situations do not support centralisation.

It is instructive to compare the situation of Half-Hourly Data aggregation, where competition drives different HHDAs to innovate their in-house systems for efficiency gains, with that of Non-Half Hourly Data aggregation, where NHHDAs use software that has been centrally developed and has less scope for innovation and enhancement. An example of competition-driven innovation in the HHDA market is where, upon the introduction of EMR and the Capacity Market arrangements, HHDAs developed innovations to provide additional aggregations outside of the usual settlement calendar, leading to consumer benefit.

In addition to the benefits to innovation and efficiency, a distributed Data Aggregator model is also likely to be positive for the security and resilience of the system. For these reasons, we agree with Ofgem's proposed position.

Question 3: Do you consider that settlement data will still need to be aggregated for submission into central settlement systems in future? In light of this, do you consider that a data aggregation role is required?

At present, it is unclear whether a data aggregation role will be required in the future. Given Elexon's plans to enable central settlement systems to work with disaggregated data, we agree that development of a Target Operating Model that does not include data aggregation should be considered.

Question 4: Do you agree with our consideration of our proposed position against our assessment principles?

The ADE agrees with Ofgem's consideration of its proposed position against the assessment principles.

Further comments

General feedback

We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. Any further comments?