



Making a positive difference
for energy consumers

Feedback Form

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

Organisation:

Contact:

Is your feedback confidential?

YES

NO

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.

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

ElectraLink supports Ofgem's analysis that a central agent is not a prerequisite to improving data quality, reducing issues in data transfer, providing third parties with access to data for value-added services, or improving the implementation of industry changes. Therefore, we support Ofgem's analysis that centralising agent functions is not required for the successful implementation of half-hourly settlement.

ElectraLink agrees with Ofgem's analysis that the HHS market should be designed to produce the following outcomes:

1. A reduction in the costs to consumers;
2. A reduction in the number of unnecessary hand-offs of data;
3. A reduction in the complexity of the market;
4. An improvement in the availability and transparency of data; and
5. A mechanism to create centralised reporting.

ElectraLink has been evolving the services that constitute the Data Transfer Service (DTS) to support the smart market transformation because we understand that, as the market is evolving, the way the industry consumes data will change; this is not just a fact for the amount of data that is required to be transferred to support market evolution, but also the way this data is consumed and by whom, will change. The evolution of the DTS into the Energy Market Datahub (EMDH) has seen ElectraLink invest in a cloud-based scalable platform (to support the increase in data sharing in the smart world), plus the creation of a service portal that sits around the core data transfer components to provide:

1. Accurate and centralised data with consistent formatting; and
2. Real-time access to data through an API portal.

Underpinning these services is a robust, proven governance arrangement to protect the use of industry data.

Given the developments to the core data transfer services, ElectraLink can support all five of Ofgem's objectives for the half-hourly settlement market:

1. **Low Cost:** As the EMDH is situated on a public cloud-based, scalable platform and is a fixed cost asset, the EMDH can be scaled to support the increase in the data shared without the need for incremental cost increases to consumers and users of the data transfer service.
2. **Reduction in hand-offs:** The creation of the EMDH was driven by a desire to move towards more efficient data sharing between energy market participants. The datahub that can be utilised to facilitate data sharing of static data without the need for bilateral data transactions reducing the number of unnecessary handoffs.
 - a. Rather than relying on bilateral data transfer, the EMDH facilitates the sharing of key settlement information, such as the latest EAC, through an API which reduces the need for a bilateral transfer of this data on Change of Supplier.
3. **Reduction in complexity:** The EMDH is a flexible data transfer service that can support both half-hourly and non-half-hourly settlement. Utilising one platform for multiple business and market models will reduce complexity because suppliers will only need to use one platform for access to end-to-end settlement data, whether the customer utilises half-hourly or legacy settlement arrangements.
4. **Data transparency:** The EMDH has the necessary, proven governance to be able to facilitate data sharing and availability to market actors, where appropriate and agreed by industry.
5. **Central reporting:** Utilising a centralised datahub to facilitate all market models for settlement, not just half hourly settlement, will facilitate a centralised set of standardised reports on settlement data and performance.

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

ElectraLink agrees with Ofgem's proposed solution that market-wide settlement reform should not include the mandation of centralisation of agent functions.

As we have outlined in previous consultation responses, ElectraLink believes that removing competitive tension and the opportunity for differentiation of services between data aggregators is likely to result in a missed opportunity for industry. The current market structures allows for a number of value-add services, outside of the standard settlement processes, for data aggregators to provide to the industry by utilising the data available through settlement processes.

With the range of changes that are ongoing in the industry, we do not know all the future uses of the data and potential value; therefore, it must be a design principle that there will be greater visibility of data in the market to ensure the market structures do not hamper innovation.

If the work on the TOM decides that centralisation of agent functions is the right way forward for the industry, we believe that to ensure the continued development of new services, the central agent needs to provide industry with a data platform that enables transparent access (under industry governance) to settlement data to facilitate the innovation that is central to the energy transition. Centrally available settlement data can then be matched with other valid datasets – switching, metering etc – to develop innovative business models and analytics.

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?

ElectraLink does not believe that the aggregation of data is required, however the additional value-add services provided by data aggregators is required to ensure that the energy transition continues to support innovation. As we have outlined in our answer to question 2, we believe there are valuable opportunities that can be provided by a differentiation of aggregation services that can be delivered through competitive tension. These services are delivered through the use of disaggregated data that can add value in other aspects of the energy market, beyond settlement. We recommend that if data aggregation, as a role, is removed from the market, an alternative means is required to provide innovators with the tools (i.e. data) they need to be able to provide value-add services to industry.

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

As we have outlined in our answers to questions 2 and 3, there could be unintended consequences which would limit the realisation of consumer benefits in the future market resulting from the centralisation of the agent function. We believe, therefore, that to ensure that the proposed position meets the assessment principles (“Supporting the realisation of consumer benefits in a future market” and “Limiting unintended consequences”), Ofgem should ensure that it is a design principle within the TOM that allows for data transparency.

Further comments

We do not have any 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?

We do not have any further comments.

