

Feedback Form

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

Organisation: First Utility

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Is your feedback confidential? YES NO

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

We have a few points to add to the updated analysis and thinking as follows:

1. We agree with Ofgem, that in the future, not all data may need to be aggregated and submitted into central settlement systems, and that the data aggregation role may no longer be required in its current form. Over the last few years, traditional data aggregators have not added any insight on customer consumption data for value-added products. As mentioned in Ofgem's analysis, central systems are developing to work with disaggregated data, which should facilitate an interesting opportunity for innovation for all parties.
2. We likewise agree with Ofgem that there is nothing inherently desirable with submitting aggregated data into the central settlement systems, provided there is wider access to the disaggregated customer half hourly data already in place.
3. We see enabling such data access on fair, secure and transparent terms as a critical building block of - and for - a more innovative market. And the needs of innovators are likely to be different and to change over time. We recognise (as noted by the CMA), that many customers do not want to engage or to release data for access by parties but such access - subject to appropriate protections - is necessary for a number of purposes, including forecasting, consumption management, development of new services or adaptations to existing services, provision of usage data back to customers, etc.
4. There may also be market conditions in the future, with the evolution of Electric Vehicles and Demand Side Response, which drive a strong case for introducing a central copy of data outside of settlement. We agree that there could be a desire to create a 'one stop shop' for settlement data, and welcome the option being left open, even if all other supplier agent roles remain decentralised. We propose that Ofgem also leave open for now the option of a central copy of data, with this option then fully explored by Ofgem and stakeholders potentially once the Central Switching Service has gone live.
5. Finally, whilst we agree that mandatory Half Hourly Settlement should mean data aggregation is less important, it will be important for Ofgem to understand the future market risks and opportunities before completely abandoning the current method of such aggregation. We therefore ask that Ofgem keeps the costs and benefits of system changes under routine review, working closely with industry.

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

Based on Ofgem's review of comments and its updated consideration, we agree with Ofgem that it should not seek to centralise agent functions as part of its work on market-wide settlement reform. We note other parties' comments, and agree that it would be difficult and costly to properly implement a central agent for any of the three supplier agent roles.

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?

We agree that due to the smart meter rollout and market-wide half-hourly settlement reform work, the importance of the role of agents probably reduces, whether centralised or not. However, we need agents to deliver on key settlement reform in the most cost-effective way. Their expertise in the current data aggregation techniques is important in meeting our settlement obligations.

We would also like to see how default and estimated volumes would be managed without the current rules of aggregation. Aggregation is a reliable and cost-effective back-up for supplier volume allocation, when settlement arrangements fail to align as they should.

Whatever the future market arrangements look like, we agree that half hourly data should be simpler to access, and therefore an easy access Data Hub or Data Hubs, for simple settlement purposes, could improve estimation of settlement volumes when necessary.

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


In principle, competition is good for incremental change, but as it doesn't necessarily drive cost-effective transformational change, strong coordination may be needed. The aim of the work on market-wide settlement reform is to facilitate a smarter, more flexible energy system and to empower consumers to take an active role in the energy system transition as the sector de-carbonises. This is transformational change, and in some stages of the reform work, a central co-ordinated approach could be more necessary than at other stages.

The important principles have been captured, which will hopefully efficiently deliver more accurate settlement functions for the benefit of all customers. More accurate settlement arrangements will affect all consumers. It is therefore important to consider how this message can be delivered at the lowest possible cost for all customers.

We support there being a strong emphasis on enabling innovation, whilst also reducing settlement imbalance. At this time it is hard to reasonably compare the existing imbalance risks, to the possible risks of a transformed settlement model. Therefore we would recommend a more robust performance assessment of all parties involved in the settlement arrangements.

Settlement performance should not be differentiated across the industry. *All* parties need to promote high standards to meet their industry obligations as a minimum. Enhancing settlement performance across all participants will deliver a more flexible and robust market. All parties should invest in maintaining high settlement performance, as it can add value by reducing operational risks for all market participants.

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?



