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12th November 2018

Supplier Agent Functions Under Market-Wide Settlement Reform

Dear Anna,

SmartestEnergy welcomes the opportunity to respond to Ofgem's consultation on Supplier Agent Functions.

SmartestEnergy is an aggregator of embedded generation in the wholesale market, an aggregator of demand and frequency services and a supplier in the electricity retail market, serving large corporate and group organisations.

Please note that our response is not confidential.

We answer the questions below in the order in which they appear in the consultation document.

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

Ofgem do not consider that a central agent is required to improve data quality, reduce issues when data is transferred between parties (hand-offs), provide third parties with access to data for value-added services, or improve the implementation of industry changes. They believe that there may be some economies of scale available from having a central agent, but these are likely to be small.

Ofgem's proposed position is therefore that their work on market-wide settlement reform should not include centralisation of agent functions. Ofgem also think that there may well be a case for future models where data is not aggregated for submission into central settlement systems and that the data aggregation role may no longer be required in its current form.

Whilst we agree that the data aggregation role may not exist in its current form in the future for all meter types we are surprised at the conclusion that there are deemed to be no benefits to data quality from a reduced number of hand-offs.

We would also challenge the assumption that suppliers are able to agree commercial arrangements for manual meter reads, especially for suppliers with a small number of traditional meters. We are concerned that consumers who find that an AMR/Smart Meter is not technically possible will find that some suppliers are unable to contract for metering services and this will have an impact on competition.

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

We are comfortable with the decision not to centralise data collection for AMR. However, we do not understand the comment in para 3.5 that Ofgem “do not see merit in centralising data collection for smart meters” because this is already centralised in the form of the DCC.

As we have said in previous consultation responses we think it is inefficient for the DCC to hold the data for customers and not pass it directly into settlements.

There will almost certainly be a need for some kind of aggregation of data to enter settlements. We agree that this need not be a specific data aggregator role and could be an extension of the role of the BSC who could develop the functionality to receive individual customer data and funnel it into settlements but either settlements itself would have to change or this aggregation would be necessary as a pre-processing step.

We have no strong opinions about the proposal not to centralise Meter Operations although we would note that the smart meter roll-out would have been much more efficient if meter installation had been conducted by a single body or DNOs.

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 note Ofgem’s reference to ELEXON’s recently announced plans to change its central systems such that the central settlement systems will be able to work with disaggregated data (although, as stated above, we think some kind of aggregation is ultimately required at the Elexon stage pre-settlement) and we agree with Ofgem when they say that they do not think that submitting aggregated data into the central settlement systems is inherently desirable. We agree therefore that a data aggregation role may not be required in the future, but we think it would be premature to state that non-aggregation will be the ultimate solution for all meter types.

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

No comment.

Should you require further clarification on this matter, please do not hesitate to contact me.

Yours sincerely,

Colin Prestwich
Head of Regulatory Affairs