



Submitted by email to:
Half-HourlySettlement@ofgem.gov.uk

SSE
Penner Road
Havant
Hampshire
PO9 1QH

9th November 2018
adam.carden@sse.com

Dear Anna Stacey,

Ofgem MWHHS Agent Functions Consultation.

We welcome the opportunity to respond to this consultation on the Market-wide Half Hourly Settlements (MWHHS) Agent Functions.

We support the conclusions drawn that MWHHS should not include centralisation of Meter Operator and Data Collector (Retriever), that the question of centralisation of Aggregator can better be considered next year when decisions have been made on which Target Operating Model is to be considered for implementation and the detail of the service is better known. We welcome further engagement on this next year.

We have provided responses to the consultation questions in Annex 1 and if you have any questions or comments, please do not hesitate to contact me or Claire Hemmens (claire.hemmens@sse.com).

Yours sincerely,

Adam Carden
Head of Regulation – Industry Codes



Annex 1: SSE response to the Ofgem MWHHS Agent Functions Consultation.

Chapter 2: Analysis

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

Data Quality

When we consider the analysis and conclusion that Data Quality will significantly improve in the future, we cannot see in the consultation an example to clarify the assertion of significantly improved data quality and we seek to clarify what has led to this conclusion.

Given the current thinking under the modelling work for the Target Operating Model (TOM), the potential for residual issues (Meter Technical Details (MTDs) etc.), then taking into account the failures in the traditional HH Settlement market, P272 exceptions or those faced by market opening in 1994 and 1998, we do not consider that Data Quality issues upon implementation (or enduring) will be insignificant. As an industry we may replace the current data quality issues with new ones, which may prove to impact the overall efficacy of Settlements in the way that current data quality issues do.

To illustrate a neutral example of difficulty and a potential impact, then if taking 30 million points of data facing a small 0.5-1% data error rate, this could still generate 150,000-300,000 exceptions to be investigated and resolved, potentially in very short timescales. This would not be insignificant work.

Hand-offs

Dependent on which MWHHS TOM is taken forward may mean a decrease in the magnitude and size of issues faced. From discussions under the TOM work this will be informed by a clear determination of who (which role) is the master of the Meter Data and what the Switching programme delivers for a central repository of Meter data. We seek clarification about why Ofgem asserts that standing data for Metering will be less important for MWHHS.

Settlement Performance

We agree that moving from the current model to MWHHS would ensure that the Settlements process would become quicker and more accurate than today, with the potential to use a larger percentage of actual reads, in shorter timescales.

We agree there is no compelling evidence to suggest that settlement performance is a particularly critical area of differentiation. It is more likely that Suppliers procure an agent wanting reliable performance, but the differentiation of how to achieve this is not necessarily the over-riding reason to procure that service. Additional services from an agent which assist with billing and forecasting are more likely to be the differentiator for a value-added contract.

As stated before, SSE is keen to understand if the Ofgem position on Access to Settlement Data will include legitimate duties of forecasting, as we consider forecasting is integral to Settlements, where it sets the expectation assisting what to buy and to help to minimise unnecessary imbalance.



Economies of Scale

We consider that any economies of scale from developing a central agent might be lost in the high capital costs of setting up such an agent and consider there would have to be very clear economic benefits driving such costs for consumers.

Value Added Services

We agree that a distributed agent model is still applicable and appropriate when considering data collection and aggregation. There are multiple routes available, with the right permissions, to obtain data when providing a Customer value-added energy services.

Industry Change

We agree that it is not agents per say which delay Industry Change and that there is no evidence that centralisation would change the current delivery of Industry Change. Certainly, recent history suggests that when centralising a service, there appears to be an element of being a hostage to fortune, where the monolithic organisation can hinder efficient, effective, timely and cost-effective change.

Chapter 3: Our proposed position

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

We agree that MWHHS should not include centralisation of Meter Operator and Data Collector (Retriever). We agree that it will be worth considering, next year when more information is available, if the role of aggregator might be centralised where the necessity of aggregated data into the central settlement systems might change. Centralisation of Aggregation would have the benefit of ensuring consistency of approach in an area where there may now no longer be any real differentiation of role/service, but this should only be considered if the economic business model proves it is appropriate.

In addition to the questions to be considered as part of the TOM work, SSE considers that the question of Performance Assurance will need to be carefully considered (to determine if there is an increased risk), maybe this could form part of the Performance Assurance Framework review

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

We believe data will still need to be aggregated for submission, but would be open to considering the right service to do this, often today data aggregation happens in the same integrated systems as the services provide for data collection/validation/preparation, therefore consideration of whether to combine the service task with another role is appropriate to ensure that we don't keep a role because it exists today. SSE believes this should be considered by the Design Working Group (DWG).

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

We agree with your Assessment Principles.