

Feedback Form

Once completed, please send this form to
HalfHourlySettlement@ofgem.gov.uk by 17 October 2018.

Organisation: Centrica

Contact: Tabish Khan (Tabish.khan@centrica.com)

Is your feedback confidential? YES NO

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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.

Q1.

What are your views on the potential costs and benefits of half-hourly settlement of export? What are the risks and opportunities?

1. Do you agree with the scope of the costs and benefits of half-hourly export settlement that we have outlined? Are there any costs or benefits that we might have overlooked?
2. What are the impacts for your organisation of implementing market-wide half-hourly export settlement?
3. What are the impacts for consumers of implementing market-wide half-hourly export settlement?

4. What are the impacts for small scale generators of implementing market-wide half-hourly export settlement?

We agree with Ofgem's scope of costs and benefits for half-hourly export settlement. We support Ofgem's rationale for the half-hourly settlement of export. The settlement of export will increase the accuracy of settlement and the efficiency of balancing actions of all impacted parties.

There will be costs incurred by suppliers in managing export:

- We expect increased costs in data and procurement of data services due to the increased processing demands of capturing and processing half hourly export data. We will also incur costs in producing estimated export values for when data is not available.
- We expect to incur significant metering costs, running into millions of pounds, in relation to retrospective updates to change physical metering and equipment to be able to measure half hourly export – e.g. for solar panels.

The impacts on consumers are largely related to a change in payments export customers may receive from feed in tariffs. In some cases customers may start to receive lower payments as their metered export will be lower than what was previously deemed. These lower payments may lead to customer complaints and in some cases customers will choose to not be half-hourly settled so they can retain their existing level of feed in tariff payments.

Ofgem has stated in the business case consultation that it will work closely with BEIS on its 'Consultation on the Feed-in tariffs scheme'. It is important that there is a co-ordinated approach from BEIS and Ofgem so that suppliers are not left having to manage customers that are unhappy due to a regulatory change.

The impact on customers is mirrored for small scale generators in that it will impact the feed in tariffs scheme and so any settlement reform must be co-ordinated with the BEIS feed in tariffs consultation.

Q2.

Have we identified the right commercial drivers in the commercial case? How can we look to either capitalise on the positive impacts of these drivers or mitigate any negative impacts?

We agree that Ofgem has identified the right commercial drivers.

Ofgem notes that settlement reform may increase competition and present opportunities for new entrants to innovate. We would like to stress that reform is also an opportunity for existing market actors to innovate. Ofgem should be equally supportive of new propositions from both new entrants and existing suppliers.

An increase in new propositions off the back of settlement reform may require greater support from Ofgem's regulatory sandbox and the sandbox may need to be resourced to deal with an increased influx of proposals.

Centrica agrees with Ofgem that lessons should be learned from P272, Nexus and the Smart rollout to ensure that future reform is carried out more efficiently.