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### Access to half-hourly electricity data for settlement purposes

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, storage, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

#### Key points:

- Whilst we have raised issues and challenges within this response to creating a business case for Market-Wide settlement reform, we are supportive of the programme and prefer a positive outcome for both import and export settlements.
- The benefits for the programme run to 2045 in the business case. With the market adapting and changing rapidly to the needs of a low carbon future, do Ofgem believe the changes being implemented in the near future will still be in place in 27 years' time?
- Ofgem have already indicated that any positive business case will rely on suppliers engaging with customers in order for them to take advantage of the benefits that market-wide settlements enable. This means the benefits enabled by the programme for the supplier and the customer have to be real and compelling.
- EDF Energy has an ongoing concern about the costs of any changes to the DCC systems to support the programme. We encourage Ofgem engage with the DCC now to understand the level of cost for possible changes.
- Decentralised DC/DA systems will hold millions of customers' half-hourly data. This creates a security risk that is not present in the current smart metering architecture. The level of security required for the settlements systems could be very high to mitigate any security risks, and the cost of this needs to be factored in to the business case.

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- While the on-going costs for export settlements are thought to be minimal, the initial set up (creation of MPANs and updating systems to support the MPANs) does create barriers. We would want the business case to show the cost/benefit for import and export separately, so we can be sure only doing import settlements would not be more beneficial to the customer than settling both import and export.
- To get the benefits from forecasting and allow future proofing, we will need a greater level of flexibility to split forecast data to more granular groups than just GSP level data.

#### **General comments on the Outline Business Case**

As Ofgem have noted in their Outline Business Case, market-wide electricity settlement reform has the potential to deliver significant benefits for consumers, and for the energy system as a whole. In order to ensure these benefits are achieved, the number of metering points that are settled on actual half-hourly consumption data needs to be maximised.

The cost to implement the programme is over a much shorter period than the realisation of any benefits. The benefits case runs to 2045; we are concerned whether the settlements programme can deliver a solution that could have that long a life. If Ofgem are determined to ensure benefits will be achieved over such a long period then future proofing areas, such as forecasting, by allowing data to be adapted to changing demands of the industry as it innovates will be necessary.

Ofgem have already indicated any positive business case will rely on suppliers engaging with customers to take advantage of the benefits that will be enabled. However, Ofgem will not be mandating suppliers to update their billing or tariffing systems. This leaves the programme reliant on actions outside of its control and so the benefits to the supplier and the customer have to be real and compelling. Suppliers may update settlement related systems and processes as a priority to ensure compliance, which could delay any non-mandated related changes to billing and tariffs until later. If the benefits from updating supplier systems are to be included in the business case, then the costs should be as well.

We understand why Ofgem are using P272 as a reference point. However, P272 customers are very different to the 30m customers covered by market-wide electricity settlement reform and the infrastructure involved is very different, including the

involvement of the DCC. As such it should not be assumed everything in P272 is directly transferable to this programme.

Benefits that are identified have to be able to be realised, for example stating the opportunities for storage has to be tempered by the impact storage has on FiTs customers' ability to receive their payments.

Double counting of benefits already included in other BEIS/Ofgem business cases has to be avoided. As an example, the Smart Meter Impact Assessment already includes benefits for time of use tariffs and energy being used off peak.

***Chapter 2: What are your views on the potential costs and benefits of half-hourly settlement of export? What are the risks and opportunities?***

Ofgem should produce separate business cases for import and export. We would prefer to see a standalone positive case for export being made in order to properly assess its costs/benefits.

We support Ofgem including export within the scope of the programme, and making decisions on import and export at the same time. Additional thought has to be given to the extra work required to set export up (creation of MPANs, any forecasting challenges and system upgrades); these may result in a phased implementation with the transition to import completing before export. This possible later date for export may delay associated benefits for a short period of time.

***a. 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?***

Export settlements creates benefits throughout the industry, Ofgem should not restrict themselves to a narrow scope of the consumer and supplier. Through the Smart Metering programme the National Grid, both as a Transmission Operator and System Operator, have sought to access export data. Network Operators and Generators will also benefit from a much greater understanding of export data, both to understand how export impacts daily energy flows to help a smooth operation of the industry, and also for making large and expensive infrastructure decisions.

***b. What are the impacts for your organisation of implementing market-wide half-hourly export settlement?***

We believe that there are benefits from implementing market-wide Half-Hourly export settlement to our business. The impacts we see are the need to create the MPANs, update our systems to handle export MPANs at scale and any forecasting issues it could create.

*c. What are the impacts for consumers of implementing market-wide half-hourly export settlement?*

We believe the benefits to customers will be positive overall, both in the long term and short term. In the short term suppliers will be able to better integrate export in to all of its forecasting and trading operations to minimise risk and make better decisions. In the long term more informed infrastructure decisions will help minimise costs for consumers.

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

The impact is positive when we are looking to price arbitrage (like a battery); we will need half- hourly settlement to impact trading positions and to enable propositions to deliver value. There are concerns about the level of value export settlements will have if customers in volume opt out of smart metering to maintain FiTs deemed payments.

**Chapter 4: 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 have generally identified the right commercial drivers. However, there are factors such as technology change, or the wider industry impacts such as for the System Operator and Transmission Operator, that need to be looked at.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Andy Jones on 07875 119072, or myself on 01483 489576.

Yours sincerely,

A handwritten signature in blue ink, reading "Paul Delamare".

Paul Delamare  
Head of Customers Policy and Regulation