

Feedback Form

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

Organisation:

Contact:

Is your feedback confidential?

YES

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NO

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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?

We have always been of the view that the FiT levelisation process has been flawed on two points. Firstly, export payments need to be levelised so that FiT suppliers offering PPAs are not exposed when the market price falls below the Export Tariff. Secondly, and more pertinently to this consultation, it has been wrong to assume that parties will receive an equal share of spill through the GSP Group Correction Factor when some suppliers do not have a particularly large NHH portfolio (through which most of the GSP Group Correction Factor is spread). We therefore see the proposed change as a further benefit.

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

Our organisation would receive more accurate costs in the FiT levelisation and we would be more inclined to re-enter the FiT market.

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

The impacts for consumers, generally, would be marginally lower bills as suppliers' costs would be more accurately reflected in settlement and the costs of such errors would not be smeared across consumption generally.

The existence of separate import/export MPANs would give end consumers the option to use different suppliers so this would potentially enhance competition in the market place.

Market-wide half hourly export settlement would also allow aggregation of small scale export for various flexibility services and would allow local community-led scheme to enter these markets.

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

On the basis that domestic generators will be moving to smart for their domestic consumption, there should not be any increase in metering costs either to the customer or their suppliers. Increased accuracy of payments at times of actual generation will mean that there will be winners and losers compared with deemed rates. However, in the interests of accuracy and fairness it is the correct thing to do.

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 have no issues with general licence obligations requiring cooperation to implement the reformed settlement arrangements. This is about the right level for a “push”. It would be inappropriate to go further because implementing to prescribed timescales in a command and control manner could lead to poor outcomes.

It is good to rely more on the competition that new market entrants bring to the market. However, at the end of the day, the changes required for the move to HH settlement will require a certain degree of industry co-ordination to ensure that a mass transition takes place in a way that does not give advantage to a certain subset of customers over another. We think this means mandated change through an SCR with Elexon taking a key role.