

Feedback Form

Please send the completed form to HalfHourlySettlement@ofgem.gov.uk by 29 October 2019.

Organisation:	Npower group
Contact name and email address:	Richard Vernon Richard.vernon@npower.com
Is your feedback confidential?	No
<i>If you would like your feedback to remain confidential please include reasons here.</i>	

We are seeking your feedback on the proposed updated governance arrangements, new and existing principles and the two new industry working groups. In particular, we would be interested in hearing from you on whether these arrangements ensure that the further development of the TOM is carried out in a fair and efficient way and allows all interested parties to have opportunity to engage in the development proposals. Additionally, we want your views on whether the arrangements ensure that the impacts of changing the whole settlement system (including the impacts on end consumers) are identified, and that future changes to the energy system are taken into account. We would like you to respond to our questions (set out below) with these points in mind.

Q1. Do you have any comments on our proposed governance model for the development phase of the Target Operating Model, set out in Appendix 2A of the open letter? Do you believe the structure is fair, efficient and will adequately ensure whole settlement system impacts and future changes are taken into account?

We support the proposals.

Q2. Do you have any comments our proposed Target Operating Model Development Principles, as set out in Appendix 2B? Is there anything else you think should be included and/or excluded? Are the development principles, when considered with the design principles, sufficiently forward looking?

Further consideration to related industry processes such as access to billing data would help reduce overall costs to the end customer.

Q3. Do you agree that the [TOM Design Principles](#) are still applicable for the further development of the TOM? Do you believe the TOM Design Principles need to be updated going into this new phase?

Yes, however (as commented in the Feb TOM response to Elexon), the transitional approach needs further scrutiny. Specifically:

- 1. The transition should seek to avoid a pricing differential between the new and old settlement system. Industry parties should pay equal costs, irrespective of the volume they settle on new / old systems. This will avoid creating a commercial advantage to anyone party, inadvertent market distortion and the risk of a few parties being responsible for excessive legacy costs.**
- 2. We would proposed that suppliers should have a choice to operate in either settlement system until the transition is complete i.e. a supplier led model to allow suppliers to transition volume to the new system based on IT capability and risk appetite. Clearly there would need to be a defined end point but the path should be supplier driven.**

- 3. Some parallel running may be inevitable to allow comparison testing, this may need to be extensive to avoid data issues.**
- 4. Depending on testing arrangements there may be GDPR questions that need review if volumes are going to be tested in a non-aggregated format.**
- 5. During the transition, how will volume be allocated as parties are likely to be split across both settlement systems? Presumably the volume will need to be added together before groups correction is allocated?**
- 6. There should be consideration given to reducing burdens as much as possible for Parties and Party Agents during the transition i.e. any re-accreditation should be simple as possible.**

Q4. Do you agree with the updates to the Terms of Reference for the Design Advisory Board, as set out in Appendix 2C?

We continue support the proposals. Regular engagement with the wider industry is absolutely key to making this a success.

Q5. Do you have any comments on the proposed set-up of the Code Change and Development Group and their associated Terms of Reference, as set out in Appendix 2D?

We would support regular smaller consultations rather than large scale consultation as has been the case previously.

Q6. Do you have any comments on the proposed set-up of the Architecture Working Group and their associated Terms of Reference, as set out in Appendix 2E?

We would support regular smaller consultations rather than large scale consultation as has been the case previously.

You can ask us to keep your comments confidential, and we'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your comments confidential, you should clearly mark your response to that effect and include reasons. If you are including any confidential material, please put it in the appendices. If the information you give in your comments contains personal data under the 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.