



Making a positive difference
for energy consumers

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Electricity Settlement Reform Newsletter:

March 2020 issue

Dear Colleague,

Today we are launching our new monthly newsletter, which will provide a roundup of all that is happening within the Settlement Reform programme, including updates on working groups, consultations, stakeholder events, and more.

In addition to being a regular information source, the newsletter is intended to become a conduit for engaging with Ofgem alongside the formal consultation or Request for Information routes. Please get in touch with any questions or comments using the contact details below.

For any questions, please get in touch via the Half-Hourly Settlement team mailbox:

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Introduction

We will be publishing a monthly Settlement Reform newsletter updating you on the progress of the Target Operating Model (TOM) for Market-Wide Half-Hourly Settlement (MHHS) in the Development Phase, as well as any general updates we have on the Settlement Reform Programme. This newsletter is the first in this series, and provides an update on the work currently being carried out by the two new industry working groups. We are keen to encourage feedback and engagement throughout the development phase of the TOM, so this can be fed into the design prior to the formal consultations carried out by both working groups. Information on how to provide feedback can be found at the end of the newsletter.

Background¹

In our Electricity Settlement Reform Significant Code Review (SCR) launch statement,² we set out that a Design Working Group (DWG), comprising settlement industry experts and led by ELEXON, would develop options and recommendations for the design of the TOM for MHHS. The DWG's task was to develop a TOM covering the 'Meter to Bank' process for all Supplier Volume Allocation Settlement meters. The DWG was also tasked with developing the Transition Approach for moving from the current settlement arrangements to the new TOM. The DWG delivered their Preferred TOM and Transition Approach in August 2019.³

Following the delivery of the DWG preferred TOM, two new industry working groups were set up to progress the development of the TOM⁴ - the Code Change and Development Group (CCDG) and the Architecture Working Group (AWG). The timeline in Figure 1 sets out the progress of the TOM to date and the high level timelines of the two new working groups.

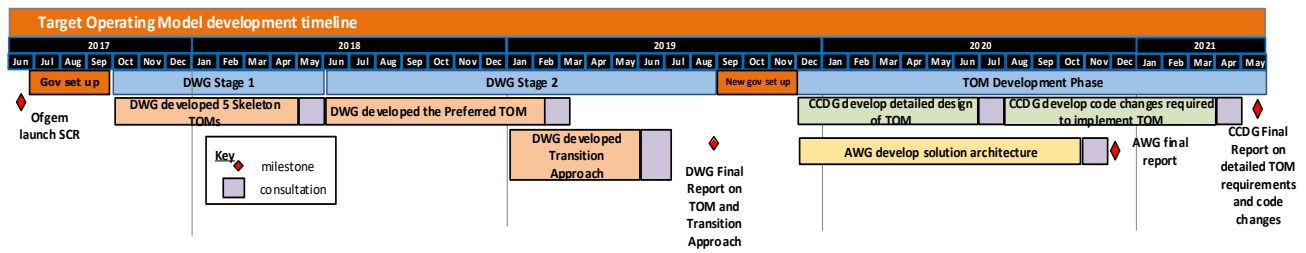
¹ For TOM publications see:

- The DWG Stage 1 [consultation](#) and [responses](#) can be found on the ELEXON website.
- The [DWG Preferred TOM report](#) can be found on the Ofgem website.
- The DWG Preferred TOM [consultation](#) and [responses](#) can be found on the ELEXON website.
- The [DWG Transition Approach consultation](#) can be found on the ELEXON website.
- [The DWG Preferred TOM and Transition Approach Final Report](#) can be found on the Ofgem website.

² The [SCR Launch statement](#) can be found on the Ofgem website.

³ [The DWG Preferred TOM and Transition Approach Final Report](#) can be found on the Ofgem website. Note there was a DWG minority view on the preferred TOM where the minority view was that aggregation should continue to happen competitively outside of central settlement systems, and therefore an alternative TOM should be chosen.

⁴ The [governance structure](#) for this Phase of the TOM work, which also sets out the two industry working groups, can be found on the Ofgem website. We asked the CCDG and the AWG to progress the development of the TOM based on the DWG preferred TOM. When we reach our final decision on the TOM, which we expect to do using our Full Business Case, we will liaise with the groups working on the TOM to make any adjustments, as necessary.



We intend to publish a monthly newsletter providing updates from both the CCDG and the AWG in order to update stakeholders on progress to date and to allow stakeholders to input and feedback during the Development Phase of the TOM. The newsletter will also provide a round up of what else is happening in the Ofgem settlement reform programme.

Code Change and Development Group (CCDG)

The CCDG is made up of 12 industry members with detailed knowledge of settlement processes, market participant roles and processes, industry codes, relevant consumer issues and the regulatory framework. The members are made up of representatives from suppliers, supplier agents, DNO's and supplier software providers.⁵ The group is chaired by ELEXON.

The CCDG's role is to build on the TOM for MHHS, by developing the further detailed areas of the TOM design as well as identifying and overseeing drafting of the changes needed to the affected industry codes and subsidiary documents required to implement the TOM.

The CCDG has met three times and an outline of each meeting is below:⁶

CCDG01 - 5th December 2019: The morning session went through an overview of the TOM and the transition approach worked up by the DWG.⁷ This was alongside the AWG. In the afternoon session the group discussed ways of working, the [CCDG Terms of Reference](#), and agreed the [CCDG's work plan](#).⁸ You can find more detail in the [CCDG01 Headline Report](#).

CCDG02 – 15th January 2020: The group discussed potential approaches to measurement classes, consumption component classes (CCC), industry standing data and registration (data items, appointments and confirmations). You can find more detail in the [CCDG02 Headline Report](#).

CCDG03 – 18th February 2020: The group discussed potential approaches to exception reporting and to GSP Group Correction Factors and Scaling Weights (including export

⁵ The list of members can be found on the [ELEXON website](#).

⁶ The documents and headline reports for all meetings can be found on the [ELEXON website](#).

⁷ A high-level presentation of the DWG preferred TOM and transition approach was given to the CCDG and AWG in their first meeting. The presentation can be found on the [ELEXON website](#).

⁸ The CCDG's work plan has not yet been approved by Ofgem, but provides a high level work plan for the group.

settlement). It also refined further its proposed approaches to measurement classes, CCCs and industry standing data. You can find more detail in the [CCDG03 Headline Report](#).

The main points of note from the CCDG's discussions so far are as follows:

- The group's current thinking is to discontinue measurement classes at the end of the transition to the TOM, and create new CCCs aligned to identifiers for each TOM market segment (a combination of old and new CCCs will be needed during the transition).
- The group has identified that existing BSC market domain data will be required to the end of transition. The TOM's Industry Standing Data will be a broader set of data that encompasses these existing data items; the group has still to consider the appropriate ownership/ governance of the items within the wider data set.
- The group is currently focusing on BSC settlement requirements (volume allocation and imbalance settlement). It notes that there will be current BSC data items that are no longer needed for settlement once transition to the TOM is complete. The group has still to consider the ongoing governance for any of these data items that industry may wish to retain for non-settlement purposes. It also notes that it will need to consider separately any requirements to support future network charging arrangements and performance assurance.
- The group is considering the practicalities of using the Registration Service as a 'single source of truth' and notifier of who is providing which TOM services for a given meter, with the intention of removing current issues with supplier agent appointments. It is considering what associated registration data items may be needed and whether these already exist.
- The group is considering what exception reporting is required from the Market-wide Data Service under the TOM: for example at data ingestion, before the settlement run and at the settlement run.
- The group has agreed an approach to calculating GSP Group Correction Factors. This calculation removes the 'competing corrections' issue that currently prevents correction being applied to export, and will work with any CCCs and scaling weights. The group is currently considering how best to set initial scaling weight values for the new TOM CCCs. It has considered applying Time of Use scaling weights, but agreed not to progress these as part of the TOM implementation (noting this does not preclude them being introduced at a later point).

The CCDG is working iteratively on the above design areas, revisiting and revising them at each meeting (along with further design areas) until it has agreed recommendations on all areas. There will be an increasing level of industry engagement on the group's recommendations over the next few months, ahead of the CCDG's planned industry

consultation in mid-2020. We also welcome any feedback in the meantime, while noting that the CCDG's thinking is still evolving and subject to change.

Next CCDG meeting: At CCDG04 on 17 March 2020, the CCDG will discuss potential approaches to the settlement 'run-off' arrangements. It will also refine further its proposed approaches to the other design areas outlined above. If time allows, it will begin to assess these approaches against the [TOM Design Principles](#) and the [TOM Development Principles](#).

In addition to the CCDG, a Code Body and central party sub-group has been set up to engage representatives from the affected Code Administrators and bodies. This subgroup contains representatives from the code bodies for the BSC, CUSC, DCC, DCUSA, MRA and SEC. This sub-group is currently working on completing matrices for their code/body that, once completed will provide a high level matrix of the affected parts of their code and subsidiary documents. These matrices will be part of the consultation due to go out from the CCDG in mid-2020.

Architecture Working Group (AWG)

The AWG is made up of 10 industry members with knowledge of system architecture, industry codes and the regulatory framework. The members are made up of representatives from suppliers, supplier agents, DNO's, systems interacting with settlement (ie DCC, St Clements, the Data Transfer Service) and supplier software providers.⁹ The group is chaired by ELEXON and is supported by an Ofgem Technical Consultant.

The AWG's role is to build on the TOM for MHHS, as delivered by the DWG. They are developing, consulting on and recommending solutions for the system architecture design required to enable the preferred TOM.

The AWG has met three times and an outline of each meeting is below:¹⁰

[AWG01 - 5th December 2019:](#) The morning session went through an overview of the TOM and the transition approach worked up by the DWG.¹¹ This was alongside the CCDG. In the afternoon session the group discussed ways of working. This is to be in a collaborative manner, where the workgroup members work up the design between meetings, based on the group-agreed templates. The meetings are then there for the group's discussion and agreement on the work that has been carried out by members. This is also an opportunity to discuss issues and concerns with the design.

⁹ The list of members can be found on the [ELEXON website](#).

¹⁰ The documents and headline reports for all meetings can be found on the ELEXON website.

¹¹ A high-level presentation of the DWG preferred TOM and transition approach was given to the CCDG and AWG in their first meeting. The presentation can be found on the [ELEXON website](#).

The group also went through a first draft of the Solution Architecture, Data Architecture, and Security Principles. The aim is to agree these upfront and then refer back to these principles whilst the solution architecture is being developed, to ensure all the elements meet these pre-defined principles. Finally the group went through the work plan and the [AWG Terms of Reference](#).

AWG02 – 21st January 2020: The AWG finalised the Solution Architecture, Data Architecture, and Security Principles¹² and ways of working. The group agreed the AWG work plan,¹³ and went through the outline of the interface requirements between the registration system and the different services in the TOM. Seven interfaces were identified to be needed between registration systems and the TOM services, these are shown below.

#	Source	Target
R1	Registration Service	Meter Service (Smart) - MSS
R2	Registration Service	Meter Service (Advanced) - MSA
R3	Registration Service	Unmetered Supplies Operator Service - UMSO
R4	Registration Service	Smart Data Services - SDS
R5	Registration Service	Advanced Data Services - ADS
R6	Registration Service	Unmetered Supplies Data Service - USDS
R7	Registration Service	LSS/MDS/VAS (central services)

AWG03 – 25th February 2020: The AWG went through the skeleton outline of the Registration Interfaces with the TOM services, and agreed the information that the interface requirement documents should contain.¹⁴ The group agreed to complete the template for the 7 interfaces with the registration system and the TOM services.

Next AWG meeting: At AWG04 on 24 March 2020, the AWG will agree on the requirements for the registration interfaces and assess them against the pre-agreed principles. They will then start work on the meter data requirements.

Feedback

The groups are working iteratively on the above design areas in order to come to a set of recommendations, that will be consulted upon. We hope these newsletter updates will provide greater transparency on discussions, and earlier foresight on recommendations

¹² The principles can be found on the [AWG02 meeting page](#).

¹³ The AWG work plan can be found on the [AWG02 meeting page](#).

¹⁴ A draft example of the interface requirement document can be found on the [AWG03 meeting page](#).

likely to be put forward for consultation. There will be an increasing level of industry engagement on the group's recommendations, ahead of the planned industry consultations, but we welcome any feedback in the meantime, while noting that both the AWG and CCDG thinking is still evolving and subject to change.

In addition, if you have any comments on the format and content of the newsletter please let us know, so we can improve future editions.

Please send all feedback and comments to Half-HourlySettlement@ofgem.gov.uk