Electricity Settlement Reform Newsletter:

September 2020 issue

Dear Colleague,

This is the sixth edition of our monthly newsletter, which provides a roundup of all that is happening within the Settlement Reform programme. This month we are focussing on the implementation delivery, TOM working groups' progress in August, and the data access framework discussion group.

We continue to welcome any feedback on work being carried out, and also on any preferences you have for how we keep you updated on progress.

An archive of previous editions of this newsletter can be found under the Newsletter subheading on the Settlement Reform webpage. The first edition, March 2020, includes useful background information.

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

Half-hourlySettlement@ofgem.gov.uk

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
www.ofgem.gov.uk

OFG1161

MHHS implementation delivery

As we mentioned in our [newsletter last month](#), we are considering where the programme management roles we set out in our Draft Impact Assessment consultation should sit. We set out the key responsibilities for these roles and some examples of how we think they could be delivered in Chapter 9 of our [consultation](#). These options include Ofgem taking the responsibility for some or all of these roles, an industry party with the relevant knowledge taking on some or all of these roles, or a third party taking on these roles on behalf of Ofgem.

Now that the consultation has closed, we will be taking into consideration the consultation responses and other evidence in deciding where responsibility for the programme management functions should sit. It's important to note, we have not yet made a decision on who will perform the programme management functions for MHHS and we are still keen to speak to anyone, for example any industry code body, industry body, or other party with relevant knowledge, who thinks they might be interested in taking on one or more of these roles.

You may have seen the [BSC modification P413](#), which has been raised in order to facilitate ELEXON in performing these roles if they were to be appointed when we make our decision. The modification proposal form sets out that the modification proposal should include a BSC cost-recovery mechanism associated with ELEXON providing the programme management function. We consulted on the proposal that the programme management functions should be funded via the BSC in our recent consultation, and we will be considering consultation responses and other evidence as we come to our decision on this.

It is up to the Modification Proposer as to whether they think the modification should be raised in the absence of a decision from us on where responsibility for programme management functions should sit, or how they should be funded. The modification will come to Ofgem for decision once it has gone through the modification process.

We are still considering the options available and are currently engaging with interested parties who have come forward. Please get in touch with us if you would like to express your interest in any/all of these roles.

Target Operating Model Working Groups

ELEXON have recently launched a hub page for MHHS [on their website](#) which brings together information on MHHS including on the TOM.

Due to the coronavirus national emergency and the subsequent social distancing measures put in place by the Government, the CCDG and AWG meetings continue to be conducted remotely. Further information on our approach to the TOM working groups during this time can be found in the [May edition](#) of our newsletter.

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
www.ofgem.gov.uk

Code Change and Development Group (CCDG)

CCDG08: 18th August 2020 and 25th August 2020: CCDG08 was split over two parts. In the first session, the group reviewed subgroup outputs, discussed how a retrospective change of data service should be handled under the TOM, and continued their discussions on registration data items and data validation. In the second session, the members discussed erroneous transfers and continued discussions on the change of market segment process. You can find more detail in the CCDG08 headline report which will soon be published on the ELEXON website.

The main points of note from the above CCDG discussions are as follows:

- The group discussed the possible approaches to retrospective appointment of data services and agreed that the AWG/CCDG subgroup should come up with a proposal.
- The group discussed potential approaches to Erroneous Transfers (ET), with a desire to ensure that any BSC solution for revising Settlement allocations is proportionate and consistent with the REC process.
- The group also refined the approach to a change of meter and market segment under the TOM, with some CCDG members volunteering to help ELEXON work up a solution outside the meeting to bring back to the group.

Next CCDG meeting: At CCDG09 on September 15th the group plans to review and sign off Working Document B, which sets out the approach to GSP group correction factors and scaling weights, and Working Document C, which sets out the run-off arrangements. The agenda for CCDG09 has been published on the ELEXON website.

Architecture Working Group (AWG)

AWG09: 25th August 2020: At AWG09, the group reviewed the architecture product list, and reviewed the Business Process Maps for the current change of supplier process, current change of agent processes and both the current and target state data collection/retrieval processes.[1] The group agreed to continue to expand and develop each process so they can be included in the Solution Architecture Document. You can find more detail in the AWG09 headline report.

Next AWG meeting: at AWG10 on 25th September 2020 the group will review the draft Consumption data interface specifications, and the business process maps for data processing and connection/disconnection.

---

[1] The AWG agreed that the 'current state' processes would be the state post switching go-live.

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
www.ofgem.gov.uk

Sub-group updates

Code change and central body sub-group: Representatives from the BSC, CUSC, DUCSA, DCC, MRA, and SEC are working to tabulate the areas of the code and subsidiary documents, which are impacted by the TOM. These matrices will ultimately feed into the CCDG consultation, along with the CCDG's work on the detailed TOM design areas.

As mentioned last month, TABASC have now agreed a solution for MHHS. This means that code body representatives for the SEC are working with the central body representatives from DCC to populate the matrix of impacted areas of the SEC.

AWG/CCDG subgroup update: As agreed in the AWG04, a sub-group made up of members of both the CCDG and the AWG has been formed to identify the business requirements for data exchange, to help the AWG prepare specifications for the interfaces between TOM services.

The subgroup has now agreed that a first pass of all the tabulations has been completed. These are being made available for CCDG members to review. The subgroup are now working to identify the outstanding details of the business processes that still need to be defined.

Data Access Framework Discussion Group (DAFDG)

We held our first DAFDG meeting on Friday 28th August. There were three main discussion topics, details of which are summarised below.
If any other suppliers would like to be involved, please contact us on the usual email address half-hourly-settlement@ofgem.gov.uk

1) Consumer opt-out reason recording

Summary of issue:
- It would potentially be very useful for analytical purposes if we could collect information around if / why consumers are opting out of sharing their HH data for settlement and forecasting purposes.
- This consumer behavioural insight data will be helpful in informing any future policy thinking around the MHHS data sharing framework, alongside other data such as consumer opt out % and load shifting rates. [2]

---

[2] We said in our 2019 decision letter, link here, that we will be reviewing the evidence following the implementation of MHHS to understand if the access to data framework is appropriate for the system wide benefits to be realised.

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
www.ofgem.gov.uk

- One possibility could be that suppliers ask their customers to volunteer a reason as to why they have opted out:
  - The data would be more powerful from an analytics perspective if each customer's stated concern could be attributed to a particular defined reason (eg. worried about unsolicited marketing, concerned about data privacy etc.).
  - There are obvious disadvantages to providing a discrete list of reasons and asking consumers to pick one however, so one theoretical approach could be to use a free text box. Each individual reason collected could then be married to a defined reason from a list provided by Ofgem.
- Ofgem could then collect this information through a mechanism such as an RfI.

Findings from discussion:
- Participants saw value in collecting this data for the purposes specified. Some indicated they would likely do this anyway in the interests of getting to know their customers better. The majority thought this would be done some time after the event and likely on a sample basis, possibly rolling it into an existing consumer survey campaign. One supplier noted it may be preferable to collect it at the time to ensure they were only polling those who had actually opted out. Some suppliers expressed a strong preference for email as the chosen medium for contacting customers.
- General view amongst participants that they don't want to lengthen / complicate the customer journey by collecting this information at the same time as the data sharing choices themselves.
- Supportive of the idea of a free text box and a common list of discrete reasons to marry them to. Recognition however that turning free text into a defined reason is likely to be manual as automation would be difficult.
- One issue with drop down menus is that customers often pick the top option, so not supportive of this approach.

2) Customer smart meter journey - At what stage in the customer smart meter journey does a 'new customer' become an 'existing customer'?

Summary of issue:
- As outlined in our April 2020 open letter, we expect there to be a date in future when the new MHHS data sharing framework enters into force. We have termed this the 'data access framework transition date'. We expect this to take place sometime around summer 2021.
- We have also said that 'existing customers' who had their smart/advanced meters installed before this date should continue to have their HH consumption data processed for settlement purposes only on an opt-in basis, or opt-out for

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
www.ofgem.gov.uk

microbusinesses. At the point when they make a choice to change electricity contract or supplier, they would then be subject to the new rules of opt-out for domestic customers and mandatory processing for microbusinesses.

- Similarly, 'new customers' accepting smart meters after the transition date will be on opt-out (domestic) and mandatory (microbusinesses).
- On this date there will be a number of customers (possibly tens of thousands) at various stages of the smart meter installation journey, from having the initial conversation with their supplier right through to waiting for a cancelled appointment to be rescheduled.
- We were keen to understand suppliers' views on defining a milestone which would designate which customers were 'existing' (have passed through that milestone) and which were 'new' (have yet to reach that milestone). Examples could include:

  1) Date of actual smart meter installation.

  2) Date on which the initial appointment was booked (and the smart meter was in effect 'accepted').

  3) Date on which the data sharing rules were presented to the customer (in practice, this may be the same as 2)

Findings from discussion:

- Participants indicated they expect to collect to collect data sharing choices either before or during the installation of the meter, but not after as this introduces the risk of processing data erroneously.
- In terms of an event to define which customers are new / existing customers, suppliers felt that the presentation of the data sharing choices to consumers would be the most suitable candidate.
- However, participants indicated they would appreciate flexibility in any rules around this.

3) Data use for forecasting

Summary of issue:

- As outlined in our June 2019 [decision letter](), suppliers will be permitted to use data collected for settlement purposes for forecasting.
- We expect there to exist a variety of methods and approaches for how suppliers go about this.
- We were keen to understand whether any participants had considered how they intended to approach forecasting using granular data.

Findings from discussion:

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
www.ofgem.gov.uk

- Suppliers are likely to aggregate their customers into groups and assign profiles to them. The number and shape of the profiles will be iterated over time as more data is received and the forecasting models refined.
- The speed at which data is received for forecasting is very important. The quicker that information is received, the more valuable it will be for forecasting.

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
www.ofgem.gov.uk