



Bringing Energy
Together

ADE Response to Ofgem Consultation on Market Wide Half Hourly Settlement | 18 September 2020

Context

The ADE welcomes the chance to respond to Ofgem's consultation on **market-wide half hourly settlement**.

The ADE is the UK's leading decentralised energy advocate, focussed on creating a more cost effective, low-carbon and user-led energy system. The ADE has more than 150 members active across a range of technologies, including both the providers and the users of energy equipment and services. Our members have particular expertise in heat networks, demand side energy services including demand response and storage, combined heat and power.

Response

Target Operating Model (chapter 3)

1. We propose to introduce MHHS on the basis of the Target Operating Model recommended by the Design Working Group last year. Do you agree? We welcome your views.

The ADE agrees with this proposal.

2. Ofgem's preferred position is that HH electricity consumption data should be sent to central settlement services in non-aggregated form. Do you agree? We welcome your views.

The ADE agrees with this proposal, as it is likely to increase efficiency and flexibility.

Settlement timetable (chapter 4)

3. We propose that the Initial Settlement (SF) Run should take place 5-7 working days after the settlement date. Do you agree? We welcome your views.

The ADE does not have a view on this proposal.

4. We propose that the Final Reconciliation Run (RF) should take place 4 months after the settlement date. Do you agree? We welcome your views.

The ADE does not have a view on this proposal.

5. We propose that the post-final (DF) settlement run should take place 20 months after the settlement date, with the ratcheted materiality proposals described in chapter 4. Do you agree? We welcome your views on this proposal, and in particular about its potential impact on financial certainty for Balancing and Settlement Code parties.

The ADE does not have a view on this proposal.

Export-related meter points (chapter 5)

6. We propose to introduce MHHS for both import and export-related MPANs. Do you agree? We welcome your views.

The ADE agrees with this proposal. Given the emphasis placed on Vehicle to Grid in some of the scenarios included in FES 2020, including export meters at this stage seems to be a sensible piece of futureproofing.

7. We propose that the transition period to the new settlement arrangements should be the same for import and export-related MPANs. Do you agree? We welcome your views.

The ADE agrees with this proposal.

Transition period (chapter 6)

8. We propose a transition period of approximately 4 years, which at the time of analysis would have been up to the end of 2024. This would comprise an initial 3-year period to develop and test new systems and processes, and then 1 year to migrate meter points to the new arrangements. Do you agree? We welcome your views.

The ADE believes that the proposed transition period is long enough, even taking the impact of the Covid-19 pandemic into account. MHHS will act as an enabler for a range of innovations which are urgently needed to ensure progress towards net zero. In the context of the imminent introduction of PAS 1878 and 1879, as well as the emphasis in FES 2020's Consumer Transformation scenario of the likely rollout of smart appliances in the short to medium term, it is essential that MHSS occurs quickly to allow consumers to optimise these appliances.

9. We have set out high-level timings for the main parties required to complete a successful 4-year transition to MHHS. Do you agree? We welcome your views, particularly if your organisation has been identified specifically within the timings.

The ADE does not have a view on this question.

10. What impact do you think the ongoing COVID-19 pandemic will have on these timescales?

The ADE does not believe that the pandemic should affect timescales, given the length of the proposed transition period.

Data access and privacy (chapter 7)

11. We propose that there should be a legal obligation on the party responsible for settlement to collect data at daily granularity from domestic consumers who have opted out of HH data collection for settlement and forecasting purposes. Do you agree that this is a proportionate approach? We welcome your views.

Assuming that this obligation would only apply to consumers with smart meters installed, the ADE supports this proposal. Daily collection of meter data is likely to realise significant system benefits compared to collection on longer timescales. For consumers without smart meters, this legal obligation would appear to be unworkable.

12. Existing customers currently have the right to opt out to monthly granularity of data collection. We are seeking evidence about whether it is proportionate to require data to be collected at daily granularity for settlement and forecasting purposes for some or all of these consumers. We welcome your views.

Assuming that this requirement would only apply to consumers with smart meters installed, the ADE would support data being collected at daily granularity for settlement and forecasting purposes for all customers, given that customers must already share daily resolution data for certain other regulated purposes.

13. Should there be a central element to the communication of settlement / forecasting and associated data sharing choices to consumers? For example, this may be a central body hosting a dedicated website or webpage to which suppliers may refer their customers if they want more information. If yes, what should that role be and who should fulfil it? We welcome your views.

The ADE does not have a strong view on whether this role should exist. If it does, however, it is essential that a body that is strongly trusted by consumers, such as Citizens' Advice, be allocated the role. Lessons should be learned from the smart meter rollout about the importance of this body being an impartial third party that consumers trust.

Consumer impacts (chapter 8)

14. Do you have additional evidence which would help us refine the load shifting assumptions we have made in the Impact Assessment?

The ADE does not have a view on this question.

15. Do you have any views on the issues regarding the consumer impacts following implementation of MHHS? Please refer to the standalone paper we have published for more detailed information.

The ADE thinks that Ofgem's overview of the issues is comprehensive. It is essential that, if any additional licensing or regulatory requirements are introduced in the future, they be proportionate and do not stifle the diversity of innovative business models that could emerge in this space.

Programme management (chapter 9)

16. Do you agree we have identified the right delivery functions to implement MHHS? We welcome your views.

The ADE does not have a view on this question.

17. We have set out some possible options for the management of the delivery functions, and a proposal on how these would be funded. We welcome your views on this.

The ADE supports Elexon providing the Programme Manager roles, with Ofgem acting in a supervisory role. Given their expertise in delivering wide-ranging industry change, in addition to their detailed knowledge of the MHSS programme from leading the development of the TOM, Elexon appear to be best placed to take on the delivery functions.

The ADE supports Ofgem's proposal for delivery functions to be paid for by BSC parties under the current funding structure.

Other (chapter 10)

18. Do you have any comments on the Impact Assessment published alongside this document, or any additional evidence that you think we should take into account?

The ADE does not have any additional comments.

For further information please contact:

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