

## **Feedback Form**

### **Electricity retail market-wide half-hourly settlement: consultation**

*The deadline for responses is 14 September 2020. Please send this form to [HalfHourlySettlement@ofgem.gov.uk](mailto:HalfHourlySettlement@ofgem.gov.uk) once completed.*

**Organisation:** Callistio (previously Morrison Data Services)

**Contact:** Seth Chapman

**Is your feedback confidential?** NO  YES

Unless you mark your response confidential, we will publish it on our website, [www.ofgem.gov.uk](http://www.ofgem.gov.uk), and put it in our library. You can ask us to keep your response confidential, and we will 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 response confidential, you should clearly mark your response to that effect and include reasons.

If the information you give in your response contains personal data under General Data Protection Regulation (EU) 2016/679 and 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. If you are including any confidential material in your response, please put it in the appendices.

## Target Operating Model (TOM)

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.

Morrison Data Services and Callisto are very supportive of the plans to introduce MHHS recognising the benefits afforded to consumers and the environment.

We agree that MHHS should be implemented based on the DWGs TOM. We believe at a high level the TOM design is a good design for settlements, but appreciate that the design may need to evolve as the detail of the settlement process is worked out.

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

We welcome your views.

We agree that there are benefits from central settlement systems using non-aggregated data, although we believe the greatest benefits are from the availability of this data for aggregations for uses beyond the imbalance settlement calculations. For example for use in innovations (such as peer-to-peer trading), network charges and analysis and assurance.

We strongly agree that the data currently used where DC and DA work as one to achieve settlements performance needs to be readily available. This includes the ability to determine what data is currently missing or unusable for any settlement period, and the ability to perform an "aggregation" for any settlement date (or period) to determine what the output of a settlement run would be.

## Settlement timetable

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.

We agree there is benefit in shorting the time until SF.

We agree that there needs to be sufficient time before SF for enough data to be collected and processed to make both the actual settlement data and load shapes accurate. We also feel there needs to be some time in here to allow for occasional delays to expected processing times within the TOM, e.g. if any participant or integration party has system failures. Alternatively there should be a small amount of flexibility in the SF (and possibly all runs) timing to handle these situation as part of normal processing.

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.

We agree that a reduced RF period would be beneficial, however we believe the timing needs to be reflective of the number of traditional meters or non-remotely read meters in use. If the proportion of remotely read meters is high and the load shapes sufficiently accurate then 4 months for RF would seem reasonable.

It is not yet clear how the transition to a shorter settlement timetable would happen, would the transition happen once it was clear that the data was sufficiently accurate at these run times, or would the timetable be implemented with the intention of driving performance?

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.

As a supplier agent we do not have strong opinions on the timing of DF as we believe this is primarily affects suppliers.

## Export-related meter points

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

We agree that including both import and export MPANs would improve the accuracy of settlement.



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.

We believe the transition for both import and export MPANs should happen in the same period. We believe it would prolong the overall transition timescales if they did not. We also think it is likely to be somewhat inefficient to continue to run the existing settlement processes and systems for only the (small) number of export MPANs once the import transition has completed.

## Transition period

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.

First we have some comments on fig 2:

Based on this plan it looks like 1 year to finalise the detailed processes for MHHS.

The figure shows the Design and build phase starting before the CCDG work is complete and the code changes agreed. This does not seem realistic; Design cannot start properly until the detail of the processes is agreed. This suggests realistically this phase will move back 6 -12 months.

We are not clear why qualification of smart/non-smart segment should lag the others.

We are not sure how the one way gate can be during the period of late move suppliers business readiness. Is the suggestion that these suppliers will consequently have new customer taken on limited from this point if they are not ready? The implication would also seem to be that these suppliers would need to be able to loss customers to the other suppliers in MHHS after this date even if they are not ready to gain them.

Migration in 1 year would seem unrealistic, with no ramp up this would equate to 120,000 MPANs migrating every working day. If the expectation is that significant numbers of MPANs have moved in the possible migration period this would be described better as a [18 month] migration period which overlaps with the qualification period. However, we believe the implication of this approach is, either the change to MHHS has to be reversible or that customer choice of supplier may be limited (initially) once they have been moved to MHHS.

Overall we believe the high level plan under estimates the time required to implement MHHS; the design, build and test phase will start later and migration will take longer than 1 year. It is possible that the test and qualification period could be shorter, but while these phase need to be planned across the industry as there will presumably be limits on the number of parties who can test or qualify at any one time.

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.

With the level of detail currently available we believe that an 18 month period for Design and build of supplier agent systems is reasonable, as is 6 months for testing. However the Design work could not start until the details of the processes are published and agreed, this looks to be 6 months after this phase is planned to start.

One year for qualification seems quite a long period, but we assume this in part is because a limited number of qualifications can be carried out at any one time.

Migration in 1 year would seem to be very short. If a significant number of MPANs had already moved by the start of the migration period this seems more reasonable. To some extent the length of the migration period will depend on the detail of the migration process. For example if this is as simple as switching the process and interfaces in an existing system (no data migration) then timescales will be shorter than if data needs to be transferred (using defined processes, similar to the P272 migrations) between new and old systems. In all cases we would expect volumes to start small and ramp up over a period of months.

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

We understand that the SCR has moved back 6 months as a result of COVID-19, at this point in time we do not see any other impact on these timescales.

As the success of MHHS is dependent on the installation of a significant number of smart meters it is possible that delays to this due to COVID-19 could have a knock-on effect on the implementation of MHHS. In particular it seems possible that some consumers who are (or perceive themselves) to be vulnerable may resist the installation of a Smart Meter, but since the energy suppliers are responsible for the roll-out we would recommend Ofgem takes cognisance of their views.

## Data access and privacy

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.

We do not have any insight into this area of the consultation.

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.

We do not have any insight into this area of the consultation.

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.

We have no opinion on this question.

## Consumer impacts

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

We do not have any evidence.



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.

We do not have a view on this aspect of the consultation.

## Programme management

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

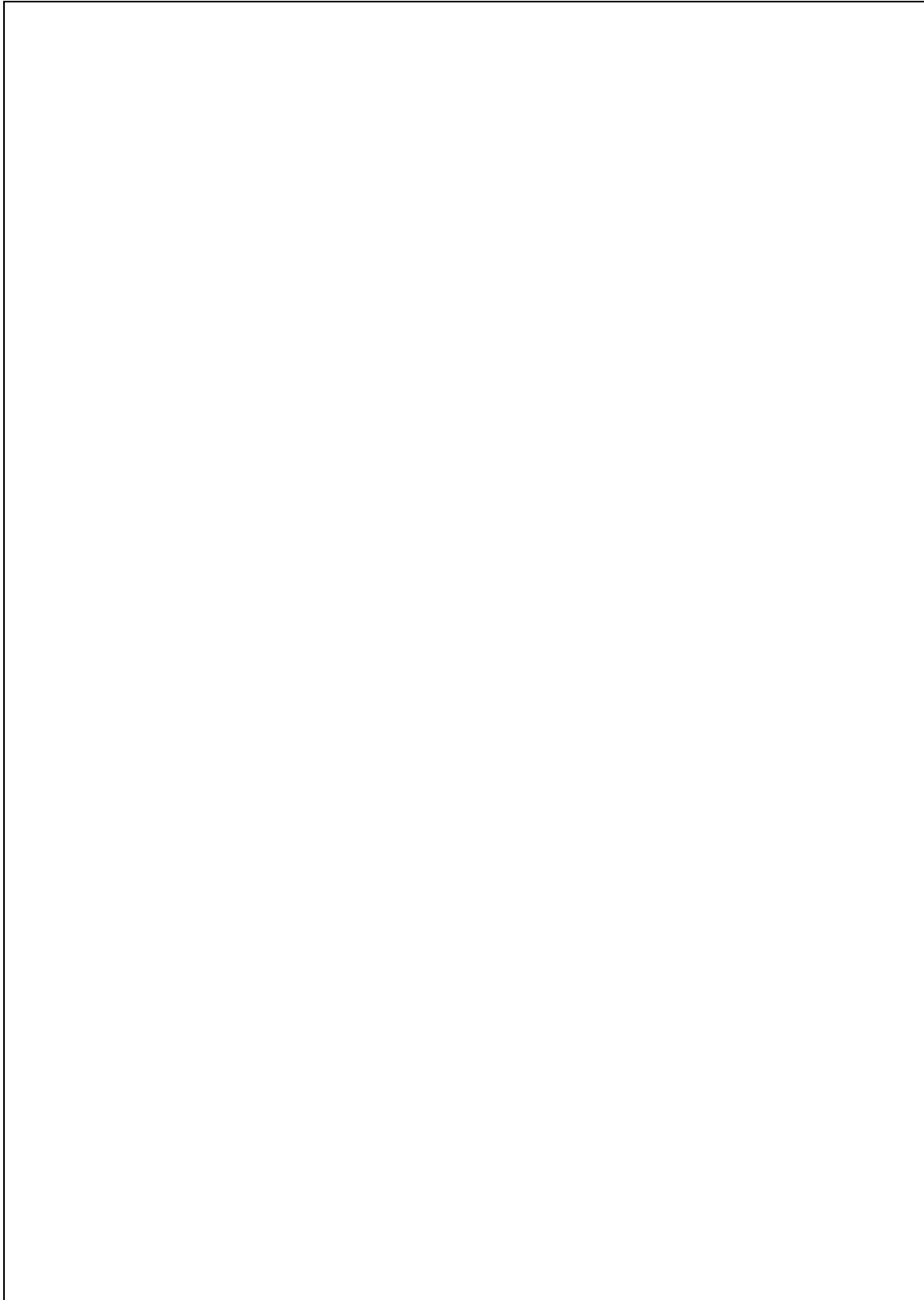
We believe the broadly the right delivery functions have been identified. However we feel there will be need for extensive cross party co-ordination due the significant reliance on the of interactions between different parties as well as between parties and central systems.

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.

We believe the delivery functions should be carried out by an independent party. As cited Project Nexus illustrated how there can be a conflict of interest where a part responsible for one element of a programme also acts as one of the delivery functions.

## Other

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?