

## **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:** Ecotricity

**Contact:** Alan Chambers

**Is your feedback confidential?**      NO       YES

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## 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.

We agree that MHSS should be introduced on the basis of the TOM recommended by the DWG.

However, we would point out the balancing responsible party should always be the supplier. To do otherwise would create more middlemen, inefficiencies and complexities into an already convoluted industry.

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.

If the issue regarding submitting such vast volumes of data (whilst ensuring its security) is resolved, we are supportive of this position.

## 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 but only if this is possible based on both the successful rollout of smart meters and if so, other factors such as the capability of the DCC to handle suppliers obtaining half hourly reads for virtually every domestic electricity meter in Great Britain.

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.

There are too many unknowns in the industry at present to know whether 4 months is ample time or not before the Final Reconciliation Run takes place.

A lot will depend on the success of the smart rollout and smart metering infrastructure in general. This timetable will have to be constantly reviewed towards implementation with a view to see how many meters are being settled accurately within 4 months.

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.

For Smart as HH this is fine. For managing exceptions & obtaining readings for non smart, the cost of obtaining reads and time required to deal with 'problem sites' may be prohibitive and an obstacle to meeting performance targets.

## 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 export related MPANs should be included in MHHS. This is vital in ensuring that microgeneration is settled accurately as its uptake increases and it's benefits can be utilised by the entire energy system.

However, this will only be possible if the the entire export process is tightened up and switching between FiT and SEG providers is as smooth as for import MPANs.

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.

This very much depends on our answer to question 6. If export related processes are not performing as well as with import, the same timetable will be impossible.

This should be reviewed throughout the implementation process.

## 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.

A 4 year transition period appears sensible. MHHS is an important step for the evolution of the energy market and should not be implemented later than it can be.

We need to be wary of the progress of other industry programmes, such as faster switching and the smart rollout. Suppliers are seeing resources squeezed and we need to ensure that development resource is not stretched too thinly amongst industry initiatives.

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.

There are too many uncertainties to know whether these timings are acceptable. Suppliers need to know what they have to develop with as much notice as possible in order to allocate resource and develop effective solutions rather than rushing developments through.

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

COVID-19 and any recession it brings with it, will have a negative impact on timescales. However, given the importance of MHHS to the future of the energy market we would urge Ofgem to prioritise this over other industry initiatives and keep the timescales as close to those planned as possible.

## 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 agree that daily is a good compromise to give customers piece of mind and also to ensure that the market is settled as accurately as possible. The propose stricter time periods would hinder the progress of the smart rollout programme.

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.

In line with our answer to question 11, we believe monthly granularity to be too broad. We need to ensure that data is secure enough to ensure that consumers privacy concerns are given the respect they deserve.

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.

Consumer messaging is important but this needs to be proportional. Suppliers will already have an onus on informing customers of the benefits of MHHS and access to new products on the market will help with this.

We need to ensure that the energy industry is as efficient as possible and the creation of a new body to educate customers in this regard would not be the best use of resources.

## Consumer impacts

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

1) 8.8 imagines a role that TPIs might play. At present TPIs are unregulated, and it would be inappropriate for them to engage directly with consumers

2) This also seems to imagine a scenario where new market participants/ aggregators offer 'flexible products and services' conveniently ignoring the fact that such services will make it very difficult for suppliers to manage their settlement & billing positions, not to say their demand forecasting.

3) HHS only gets the flex system so far. For a supplier a TOU tariff incentivises certain load shifting behaviour - but doesn't guarantee it - and that's what's essential if you are trying to provide aggregated grid services from your customer base. To deliver firm commitments, suppliers have to be able to control load from their customers at certain times e.g. have control of EV charging (with customer consent of course), and then can offer load shifting with certainty. This may be a bridge too far for some customers, but with DSOs chafing about EV load (DCP 371) suppliers need to create products for their customers that can give the grid that certainty.

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 document assumes 'draft IA, published alongside this paper, shows significant benefits to consumers which are expected to arise from MHHS. These arise due to the economic incentive on suppliers to develop and offer new products and services which reward customers for moving their energy consumption'.

There are 2 aspects here to consider:

1) All the good work that suppliers do to encourage flexible behaviour, via tariffs, and smart home equipment, could easily be undone by some of the grid code changes in consultation at the moment, which seek to wrest control of a supplier's customers from the supplier and - in certain situations - give that control to DSOs. Note the changes proposed in SECMP0046, DCP 371 and even GC 0147 if aggregated loads are considered. This will also cause imbalance issues for the supplier.

2) It's likely there will be unintended consequences for fuel poverty of widescale smart homes and TOU tariffs, in that households which cannot shift load - and many of these will be poorer sections of communities who cannot afford the kit or whose habitation is unsuitable (like high rise flats) will have to bear the brunt of higher costs from higher priced times of day.

## Programme management

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

We have not been able to dedicate enough resource to adequately address 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.

We have not been able to dedicate adequate resource into reviewing these options.

## 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?

We have no further comments on the Impact Assessment but would welcome further engagement on MHHS.