

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 once completed.

Organisation:

Contact:

Is your feedback confidential? NO YES

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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.

ElectraLink agrees with Ofgem's proposal to introduce MHHS on the basis of the TOM recommended by the Design Working Group.

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.

ElectraLink agrees with Ofgem's assessment that HH electricity consumption data should be sent to central settlement systems in a non-aggregated form.

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.

ElectraLink agrees with Ofgem's assessment that the Initial Settlement Run should take place 5-7 working days after the settlement date.

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.

ElectraLink agrees with Ofgem's assessment that the Final Reconciliation Run should take place 4 months after the settlement date.

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.

ElectraLink agrees with Ofgem's assessment that the post-final settlement run should take place 20 months after the settlement date.

Export-related meter points

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

ElectraLink agrees with Ofgem on the introduction of MHHS for both import and export MPANs. ElectraLink would like to note that there will be no additional costs to the users of its Data Transfer Service caused through the inclusion of Export meters in half hourly settlement under the TOM.

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.

ElectraLink agrees that the transition period should be the same for export related MPANs as it is for import related MPANs. We agree with the consensus across the industry that costs will not be increased by this timetable, and that the operational costs of implementation on the DTS would not vary across any of the different transitional periods proposed.

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.

ElectraLink agrees with Ofgem's proposal for a 4 year transition period. ElectraLink's EMDH will be able to meet these timetables and use of the Data Transfer Service component of the EMDH would reduce the need to run two concurrent systems during the cutover. As per question 7, ElectraLink's costs will not change based on this transition period.

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.

ElectraLink agrees with the assessment and ElectraLink will be able to deliver these changes at a low cost, with complete flexibility with regards to the timetable selected by Ofgem. It is noted that ElectraLink's operational costs of implementation would not vary from a 2-year or 4-year timetable for implementation.

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

Covid-19 has had no impact on ElectraLink's ability to meet these timetables.

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.

ElectraLink believes that access to data is vital to tackle the issues facing the energy market and access to daily granularity data will vitally improve the management of the energy market.

ElectraLink is, therefore, supportive of better access to data; however, it must be cost effective and clear what the benefits would be to industry of collecting this data on a daily basis, if this data cannot be used for anything other than settlement.

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.

As per question 11.

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.

Consumers need to understand the benefits and risks with sharing their data. We do not believe a central body needs to fulfil this communication role centrally, as consumers are likely to only engage with the key parties they engage with on the 'smart' process (meter installers or suppliers); however, the information shared to consumers must be consistent to ensure that each consumer is getting a fair understanding.

ElectraLink is, therefore, supportive of the details of what should be communicated to consumers should be determined centrally and monitored by a Code of Practice – who can be responsible for the website –, but it is the obligation of the consumer facing entities – suppliers or settlement parties – who have the obligations to consumers.

Consumer impacts

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

ElectraLink do not have anything to add

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.

ElectraLink do not have anything to add

Programme management

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

ElectraLink agrees with the delivery functions outlined by Ofgem.

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.

ElectraLink do not have anything to add.

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?

ElectraLink do not have anything to add to the impact assessment.

ElectraLink believes that its current Data Transfer Service, as a part of the wider EMDH platform, is the correct platform to provide data transfer and communications services as the industry moves into providing half hourly settlement. We estimate that the rough order of magnitude of the incremental cost of using the DTS to support MHHS is between £500k and £1m per year, and that this cost should not dramatically increase even if the increase in the amount of data moving across the network is significantly higher than expected. This is because the EMDH has strong scalability and stability, due to its fixed technology cost.

ElectraLink and the DTS platform meet all technical requirements of MHHS as outlined in Ofgem's report, and as such we do not believe there is a need to procure or build a new network from scratch. This will strip out a large cost to the industry, as well as reduce frictions from introducing a new system to all participants, as critical market participants are already connected to the EMDH and already have the EMDH embedded into their own systems.