Sent by email to halfhourlysettlement@ofgem.gov.uk

Electricity Retail Market-Wide Half-Hourly Settlement: Consultation
Ofgem, Settlement Reform Team
10 S Colonnade, Canary Wharf
London, E14 4PU

11 September 2020

Electricity retail market-wide half-hourly settlement: consultation

Dear Sir/Madam,

The Smart Energy Code Administrator and Secretariat (SECAS) welcomes the opportunity to respond to this consultation on the introduction of Market-Wide Half Hourly Settlement (MWHHS) on behalf of the Smart Energy Code Sub-Committees. This response has been informed by the expertise provided by the Technical Architecture and Business Architecture Sub-Committee (TABASC) and the Security Sub-Committee (SSC).

Our review of the proposals set out in the consultation has focussed on assessing the Target Operating Model (TOM) and how Smart metering can support it whilst maintaining the integrity, security and performance of Smart metering. We have also considered the implementation timelines set out in the consultation in relation to any key Smart metering programme activities scheduled to take place during the implementation and migration period.

We have identified three key areas which need to be considered carefully as part of the implementation of MWHHS:

1) **The operation of the Data Service:** This point concerns how the Meter Data Retrieval (MDR) service should gain access to the data recorded by Smart meters. We consider that access should be granted to parties fulfilling the MDR role using a new, dedicated User Role which is only permitted to use the specific Services required to fulfil that role. The MDR will need to successfully complete a User Security Assessment as one of the criteria to demonstrate that it meets the applicable security and privacy requirements of the Smart Energy Code (SEC).

2) **The capacity of the Smart metering network:** This point focuses on the potential for any increase in traffic over Smart metering network due to more frequent requests for HH data to reduce the overall capacity of that network available to support the Smart metering Services. We consider that the introduction of a new set of Service Requests for the MDR User Role with increased Target Response Times should allow sufficient flexibility to support the introduction of MWHHS in the short to medium-term, but that other measures such as a central data store may be required in the longer-term.

3) **Implementation timelines:** This point highlights the benefits of aligning the implementation of MWHHS with key Smart metering programme activities, such as renewal of key contracts to support the continuation of the Smart metering data services. We consider that the implementation of MWHHS should be aligned with the renewal of the Smart Data Communication Company (DCC) Data Services Provider (DSP) contract to ensure that any changes required to support MWHHS are captured as part of the contract renewal process to avoid incurring nugatory costs.

In addition to these three points, we have also highlighted some additional concerns relating to cross-code issues and data privacy.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Abhay Soorya on 020 3934 4203, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

Julian Hughes

TABASC Chair

Gordon Hextall

SSC Chair

Attachment

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1) The operation of the Data Service

The preferred TOM set out in the consultation specifies that the MDR service should be procured by energy suppliers. Under this definition both energy suppliers and agents acting on their behalf can fulfil the role of the MDR.

The User Roles that can currently access all the Service Requests (SRs) required to fulfil the MDR role are those of Import Supplier and Export Supplier. Whilst it is possible that equivalent User Roles could be used by the MDR to access Half-Hourly (HH) data, they also provide access to a wider range of Services than are required by the MDR. A fundamental security principle of DCC Systems is that Users are only granted access to the Services they need to fulfil their role. Allowing Parties other than energy suppliers access equivalent to these User Roles would contravene that principle.

The Other User (OU) and Registered Supplier Agent (RSA) User Roles could be used to provide the MDR with access to the Services, but neither of these User Roles have access to all the SRs required by the MDR. Whilst it is possible to increase the capability of these User Roles to meet the requirements of the MDR, doing so would provide a greater level of access than is needed by non-MDR Parties. This would also contravene the principle that Users are only granted access to the Services they need to fulfil their role.

Because of these reasons, we consider that a new User Role which is only able to access the specific SRs required to fulfil the role of the MDR is needed to meet the requirements of the TOM without compromising the security principles which underpin DCC Systems. This would require changes to the DSP elements of DCC Systems which are likely to incur significant implementation costs. These implementation costs can be reduced if the TOM is amended so that only energy suppliers can act as the MDR.

A TOM which only allows energy suppliers to act as the MDR would require minimal changes to DCC Systems because the User Roles granted to energy suppliers already allow access to all the Services required to perform the MDR functions, and energy suppliers may legitimately access any other Services associated with the Import Supplier and Export Supplier User Roles.

Further end-to-end cost reductions would be expected under a TOM which only allows energy suppliers to act as the MDR because energy suppliers already own and operate the equipment needed to access DCC Systems, for example a DCC gateway and adaptor. Energy suppliers would also avoid incurring any additional costs associated with completing the User Entry Process Testing (UEPT) required to become a DCC User because they are already required to complete this testing. Furthermore, energy suppliers are already required to complete an annual User Security Assessment to assess their compliance with the security requirements of the SEC.

2) The capacity of the Smart metering network

The implementation of MWHHS is expected to drive an increase in the amount of traffic over the Smart metering network because HH data will be requested more frequently than would otherwise be the case. However, the magnitude of this increase is currently unclear because of three main factors:

- There is little data currently available on the potential future demand for the Services provided using DCC Systems, particularly around the use of the Other User Role by Third Party Intermediaries and switching websites; Capacity Charging; and Demand Response initiatives. It is also unknown how many times these Users will seek to retrieve data.

- While the Consultation has set out the preferred timings of each Settlement Run, the Performance Assurance Framework (PAF) does not yet have defined performance targets. This makes it difficult to accurately assess the impact of MWHHS on the Smart metering network. When the PAF is defined the impact of performance targets on driving behaviours to address potential meter faults and transmission retries will need to be considered.

- There is potential for Elexon Modification Proposal MP379 to allow several energy suppliers to be responsible for the supply to a premises using a single Meter Point. If approved, this Modification Proposal could have an impact on the number of Users attempting to access metered data from each MPAN, along with affecting the frequency with which each User seeks to retrieve such data.

Because the impact of MWHHS on the available capacity of DCC Systems is currently unknown, we consider that it would be prudent to take an approach in the short to medium-term which ensures there is sufficient flexibility within DCC Systems to allow a degree of profiling of traffic across the network to optimise the use of the existing available capacity.

MWHHS requires various read-based SRs. However, some of these SRs currently have very short Target Response Times. This can make it difficult to serve all Users equally according to their needs. We propose to develop a set of SRs for use by Parties operating using the MDR User Role that have a longer Target response Time than the existing equivalent SRs. These new SRs would operate on a 24-

hour basis or possibly longer, while those for used to access the current Services will remain unchanged. We do not anticipate that this would have a detrimental impact on the proposed Settlement timetable as the proposal is that the Settlement Final (SF) run will take place 5-7 days after the Settlement Date.

We consider this approach to be appropriate while the uptake of the Smart metering Services is assessed and the details of the PAF performance targets are finalised. However, it may be necessary to implement further changes in the future to support any overall increase in the use of the Services. Such changes may include the implementation of a central data store for HH metered data with appropriate data security and privacy controls.

3) Implementation timelines

Under Ofgem's original plan MWHHS has an implementation phase up to 2023, with the full migration phase beginning early in 2024. If this plan is extended by six months due to the impact of COVID-19 as expected, the full migration phase will begin in mid-2024.

Any changes to the DSP elements of DCC Systems needed to facilitate MWHHS will need to be available before migration can begin. The DSP contract is scheduled to be renewed in October 2024, which is later than the start of full migration under both the original and revised plans. It is likely that contract negotiations will start several months prior to the contract renewal. Changing the DSP contract after the changes to the DSP systems have been made is likely to result in nugatory effort and costs if the new contract results in new systems being built. In addition to this, the cost of the changes required to support MWHHS may be lower if they can be factored-in to the contract negotiations.

We therefore recommend that Ofgem considers whether it is possible to align the timing of the need to make changes to the DSP systems so that the changes take place after the DSP contract has been renewed.

4) Cross-Code issues

Some energy suppliers have raised concerns regarding whether the end-to-end process spanning metering, Settlements and billing have been fully considered. A specific concern has been raised in relation to the lack of clarity around how the Smart Metering Technical Specifications (SMETS) and Elexon's Codes of Practice (CoP) will be applied under MWHHS. It has been highlighted that the SMETS and the CoP are not interchangeable, and that there is currently a lack of guidance regarding the different processes that will apply depending on which specification an installation is required to comply with. We are assessing whether these concerns are widely shared across the industry and will provide further feedback to Ofgem once this work is complete.

5) Data privacy

We understand that unless a domestic consumer opts-out, there will be a legal obligation on the Balancing Party to process HH consumption data for Settlement purposes. Our expectation is that there will instead be an obligation for collecting data at a daily granularity for those domestic consumers who have opted out of HH data collection.

Smart Metering can facilitate the additional processes and checks to ensure the proper treatment of metered data. We expect Ofgem to provide the overall regulatory direction for data privacy under MWHHS, with the understanding that any subsequent changes to the current Data Access & Privacy Framework (DAPF) will be legislated via the SEC and/or the Supply Licence.