

Ofgem Electricity Retail Market-wide Half-hourly Settlement: Draft Impact Assessment Consultation

This response is not confidential.

Power Data Associates Ltd (PDA) operate in the unmetered segment. We also act as consultant to the AMO, as a result we have had the opportunity to participate in the DWG & CCDG activities.

This response is in respect of the Ofgem Electricity Retail Market-wide Half-hourly Settlement: Draft Impact Assessment Consultation¹.

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.**

Fully support the progression to a MHHS framework.

PDA broadly support the proposals of the TOM. As the CCDG activities progress adding further detail to the design there are aspects that will reveal new issues and impacts. This process will continue throughout the programme.

- 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.**

"Settlement" in its simplest form only requires aggregated energy data, but for multiple other purposes Settlement Period (SP) data is required. The use of the term 'for settlement' has been used as shorthand for a multitude of different uses - supplier billing, supplier settlement reconciliation, network charging (DUoS and TUoS), midata, customer data provision, settlement arrangements, future 'behind the meter' changes, etc. The use of a data cloud of disaggregated data available to all authorised users will provide the greatest flexibility.

In the DWG and CCDG we have tried to be solution agnostic and not used the term "sent" but used the term "make available to". So slightly surprised to see this term being used in the consultation question, although para 3.67 reflects the position correctly.

3.71 references the storage of settlement data. When a Data Service modifies data or are asked about accuracy of data it would be helpful to have access to view the disaggregated data store for those metering systems for which the Unmetered Data Service (UMSDS) is responsible.

ELEXON is a non-profit organisation established to facilitate settlement. It should not be able to 'profit' from access to the 30m sets of disaggregated HH data at the expense of commercial organisations. It should be prevented from developing any services or marketing of this data. This should be left to the relevant commercial offerings from commercial organisations.

¹ www.ofgem.gov.uk/publications-and-updates/electricity-retail-market-wide-half-hourly-settlement-draft-impact-assessment-consultation

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.**

All UMS customers have data calculated based on event information. It should therefore be realistic to obtain settlement data remotely for all the UMS metering systems in that timescale. The ability for the Data Service to progressively update the data repository will give all stakeholders immediate visibility of data.

- 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.**

Most unmetered data should have settled by 4 months. Although some customers are behind in updating their inventories so are backdating by a year. This activity will need to cease to ensure accurate settlement data in nearer real time.

- 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.**

Support the principle of a ratcheted dispute process.

Export-related meter points

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

Yes, this seems entirely appropriate to correctly allocate energy consumed or produced to the appropriate supplier who can correctly charge or recompense the customer for energy supplied.

- 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.**

Yes, fully agree.

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.

As an initial view, every Ofgem project and every step of this SCR to date has taken longer than originally expected. It is not possible to see any reason why this will not continue. The reasons for the delays are multiple but include a lack of dedicated resource, natural over optimism and the realisation that the changes are more complex than everyone thinks! At every level of detail there are other implications of the MHHS many of which are not immaterial. At the moment there are a limited number of stakeholders positively understanding the consequences of MHHS, this was evidenced at the Ofgem workshop on the 3rd Sept where questions were asked which demonstrated a lack of understanding. As the knowledge or interest expands further questions, issues, challenges and currently unappreciated impacts will emerge.

The high level plan is not 'wrong' but is a *high level* plan. It has not been developed with stakeholder involvement and needs further work to develop all the aspects and the interdependencies.

Until there is clarity on the main processes and architectural aspects many organisations will not initiate development activity. These changes impact every stakeholder within the electricity industry, so everyone has to make changes in a co-ordinated manner.

The changes envisaged have a significant impact on how the whole electricity industry operates. As further detail is added to the MHHS framework further impacts and 'knock on' impacts are identified. This will continue for the duration of the implementation and for a while following.

There are other activities which need inclusion on a more detailed plan. These would include aspects such as migration of existing unmetered customers into the current HH arrangements and data cleansing. These types of tasks need inclusion so that the industry can recognise the need for the activity and the timeframe over which it will be required, so they can budget for sufficient resource to complete the task. Certain other milestones also become relevant, such as when all new connections should enter straight into the MHHS so that the legacy arrangements do not grow during migration.

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.**

See Question 8

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

No impact from Covid-19.

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.

For the reasons stated daily seems appropriate. But not relevant to unmetered.

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.**

For the reasons stated daily seems appropriate. But not relevant to unmetered.

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.**

Not relevant to unmetered.

Consumer impacts

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

No comment

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.**

No comment

Programme management

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

In the current absence of a Programme Manager there should be a group established to commence more detailed planning of the activities over the next x years. As highlighted in Question 8 the current plan is 'high level' we need to go deeper and develop a more detailed plan which can inform a better view of the programme timescales. This activity could/should be achieved with as much detail as possible by the end of Dec 2020.

- 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.**

Independent Programme manager is essential. All industry stakeholders are required to make changes, so the scope of involvement is wide. It has wider impact, more complex and impacts every electricity industry participant which means it is more complex than the Faster Switching Programme.

The lessons of NEXUS Project implementation demonstrate the risk of a stakeholder which is responsible for delivering a significant change is not best placed to also be a successful programme manager.

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?**

No comment