

## **Feedback Form**

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

Please send this form to [HalfHourlySettlement@ofgem.gov.uk](mailto:HalfHourlySettlement@ofgem.gov.uk) once completed.

As noted in the consultation document, no deadline for responses is being set at this time. When we set one, we will publish an update on the Ofgem website, and give at least 10 week's notice.

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**Is your feedback confidential?**      NO       YES

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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.

We agree with Ofgem observations at the IA and at the consultation document that relying upon existing Elective HHS service opportunities alone to gather sufficient momentum to deliver the widest benefits of HHS to consumers is unrealistic without meaningful imperatives upon Suppliers to deliver. We support the conclusion that mandating market wide HHS will be a necessary precursor to achieving maximum value, flexibility, innovation and reduced costs to electricity consumers over time.

However, we note the considerable transition period that is proposed in order to reach full MHSS. We also note that Elective HHS opportunities are now widely available at the Supplier market for services. The agent services market has responded very effectively to Ofgem encouragement some years ago to parties to invest in delivering EHHS services and remove any impediments to deliver EHHS benefits. As established HHDC/DA, NHHMO/HHMO software system solution providers to agents and Suppliers we ourselves also committed fully to refining and extending our solutions in order to deliver EHHS objectives. While we certainly agree that MHSS should be delivered as early as possible we also note that there are no suggestions at the IA or at the consultation that the benefits to consumers that would be available through EHHS would be any less valuable or attractive than those delivered through MHHS.

It is then with a little puzzlement and a good deal of disappointment not to find any invitation at the consultation to consider opportunities for parties and consumers to achieve reasonable returns on Ofgem encouraged investment commitments at existing EHHS facilities over the lengthy period of MHHS roll out. Significant numbers of HH enabled smart meters are already rolled out to domestic consumers and will continue to be installed in significant numbers as the MHHS transition period ticks away ( 4 yrs, 5yrs, X yrs ?? ). We would encourage Ofgem to ensure that the benefits of HHS are delivered far earlier than the MHHS transition period by putting in place appropriate incentives and encouragements at Suppliers to deliver EHHS in the interim. Any objections raised that later mandatory migrations of EHHS to MHHS will be problematic once MHHS is

available are wholly spurious in our experienced view of existing systems and business process arrangements and proposed future TOM.

We agree that the TOM is coherent and fit for the purpose of assuring delivery of MHHS.

However, we disagree that the proposed Market Wide Data Service ( MDS ) is a necessary new/replacement service at the TOM ( to replace existing HHDA agent role services ). We have included our views here in more detail at our response to Q2 below.

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 do not agree that central systems should aggregate.

We note that Ofgem hold a 'minded to' position here now; we conclude that the significant objections that were raised by parties who responded to previous TOM consultation have been considered and largely dismissed. Nevertheless, our main objections to the proposal to aggregate centrally are briefly reproduced here :-

- Rather than Suppliers having the '**option**' to continue to aggregate locally ( in order to take advantage of extended data analysis service options that may be available across DCDA joined data ) we are of the view that the Supplier will require that aggregations are **always** also done locally in order to validate and confirm what may be calculated and output at central system aggregations. So, the Supplier will effectively continue to pay for the similar but extended ( validate central system returns ) DCDA service they receive now, but will also pay ( service charge ) for duplicated central aggregation services.
- Charges resulting from the send of mpan level settlement data from DC to central systems will result in a multiple uplift to operational service charges to be met by Supplier. We estimate at efficient DCDA's an uplift in annual per Mpan DCDA service charges of pence per annum will rise to levels of +5 pounds per annum for Supplier Serviced metering systems.
- There exist multiple solution options that would deliver the benefits that are described to support a decision that favours central aggregation. None of the benefits have been illustrated with any concrete examples or costed scenarios. Any final decision from Ofgem must be supported by a cost/benefits argument that stacks up; any benefits will be expected to at least outweigh the duplication ( at minimum ) of costs incurred for DCDA services and passed on to consumer.

## 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.**

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.**

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.

**We agree.**

## 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.**

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 agree, but as short as possible....**

## 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.

We agree that a 4 year transition period is a reasonable objective. We would welcome the suggested opportunity to commence the migration period with clients earlier than at the end of year 3.

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.

Yes, agreed.

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

Very little adverse impact on MHHS delivery timescales but the pandemic will provide a continuing reinforcement of the value of HHS as opposed to profiled settlement.

## 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.

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.

Daily interval data preferred, otherwise minimum daily advance data, in order to optimise load profiling where required.

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.

Yes, dedicated website that serves to register consumers, third party service providers and suppliers with the objective of informing cooperating Suppliers that a consumer agrees to the sending of a nominated data set to third party over an agreed period in a selected available Supplier provided format option. Proactive Suppliers will take part and facilitate their customers, Octopus-like initiatives of data providing API's encouraged, third party innovators can market services and secure consumer authorisations to receive data etc. The onus will be on Supplier to serve customer rather than 'refer' customer; serving customer will typically be data sourced from internal Supplier managed industry 'agent' system or supported by Supplier agent on Suppliers behalf. Service run/hosted by Energy Systems Catapult, Citizens Advice or BEIS aligned department



## 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 evidence available but expect that quite low volumes of actual behaviour shift will occur across consumers but opportunities to offset peak load energy requirements with off peak and opportunity purchased predominantly network stored power ( but some home battery sourced ) will predominate, managed through IOT and flexible settlement arrangements ( multiple suppliers at Mpan etc ).

We expect Local Authorities to become more active, making use of existing buildings and infrastructure to bring opportunities, savings to local people, high rise buildings tenants, BM activity etc

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.

## Programme management

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

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.

## 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?