

MHHS Impact Assessment Consultation: TMA Data Management Ltd

NB. Response to be sent to halfhourlysettlement@ofgem.gov.uk no later than 5pm Monday 14th September 2020.

TMA Data Management (MPID UDMS)

| Question | TMA Data Management Response |
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| <p>1. We propose to introduce MHHS based on the Target Operating Model recommended by the Design Working Group last year. Do you agree? We welcome your views.</p> | <p>TMA agree that MHHS is the way forward and were firm supporters of P272. MHHS brings with it a much more flexible and innovative market to both Consumers and Suppliers.</p> <p>Whilst we see many benefits of the Target Operating Models we have identified 2 key areas of improvement. As part of AIMDA we have worked collaboratively on an alternative TOM and this has been submitted as part of the AIMDA response. The alternative TOM has two key areas of improvement, firstly a decentralised data lake which supports MHHS and secondly, no separation of Aggregation. We understand that one of Ofgem's main concerns is access to non-aggregated data, which the alternative TOM would facilitate.</p> <p>If the proposed DWG TOM does go ahead we must emphasise that any organisation who would manage the data must not be able to profit from such a detailed view and cannot be allowed to expand that role in order to provide a commercial offering.</p> <p>TMA see no benefit to the Supplier or Consumer by removing Data Aggregation into central services and TMA has expressed this view previously. The data is not required to deliver settlement also. TMA are concerned over the cost of passing non-aggregated data and there would be duplicate storage on both sides, leading to high duplication of storage costs.</p> |
| <p>2. Ofgem's preferred position is that HH electricity consumption data should be sent to central settlement services in non-aggregated form. Do you agree? We welcome your views.</p> | <p>No, TMA do not agree. We reference Ofgem again to the alternative model as submitted as part of the AIMDA submission.</p> <p>The alternative model would enable MHHS but with reduced costs, easier implementation and greater efficiency. But also still allowing access to non-aggregated data by other parties. It would also support the load shaping service. Data would be accessed through a common industry API by those with legitimate reason for access.</p> <p>TMA do not understand the need to move the data aggregation function into central systems and create a data store for 30 million metering systems. The proposed DWG solution is highly wasteful and creates a single vulnerability. The alternative TOM still provides the data required for settlement.</p> <p>The alternative model ticks all of the boxes for requirements under Ofgem's policy under the SCR and because it more closely resembles the existing market model this would result in lower application costs and faster to implement. It would also be lower ongoing costs to operate.</p> |

Settlement timetable (chapter 4)

| Question | TMA Data Management Response |
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| 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. | Yes, we agree with a shortening of the SF timescales and would agree with 7 working days. |
| 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. | Yes, we agree with RF taking 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 about its potential impact on financial certainty for Balancing and Settlement Code parties. | Yes, we agree with DF taking place 20 months after the settlement date. |

Export-related meter points (chapter 5)

| Question | TMA Data Management Response |
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| 6. We propose to introduce MHHS for both import and export-related MPANs. Do you agree? We welcome your views. | Yes |
| 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 |

Transition period (chapter 6)

| Question | TMA Data Management Response |
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| <p>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.</p> | <p>No, we do not agree that 4 years for the proposed TOM is a long enough transition.</p> <p>We do not agree that a 3 year timescale to design, build and test the new system is sufficient. Nor do we believe that 1 year is sufficient to migrate given the previous experiences of P272. As part of AIMDA we have put together a proposed amended timeline which can be reviewed as part of AIMDA's submission, in summary this extends the timeline to a more realistic 5 year transition.</p> <p>TMA are however concerned about the volume of smart meters which are required in order to make this change cost effective and with Covid-19 having such an effect on the rate of installs, with the continued uncertainty around local/national lockdowns, we believe that there has to be serious consideration as to when there will be a reasonable percentage of smart meters rolled out so that MHHS can be cost effective and meet the expectations set out with the RFI and Consumer document.</p> |
| <p>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.</p> | <p>No, we do not agree with the high-level timings set out.</p> <p>TMA are concerned over the qualification of so many new roles which would have to be resourced heavily in order to go through the qualification process. We will need clarification quickly if these qualifications will be of a limited scope for those agents who currently hold the traditional qualification.</p> <p>We also refer you to the revised timeline provided in the AIMDA response.</p> |
| <p>10. What impact do you think the ongoing COVID-19 pandemic will have on these timescales?</p> | <p>Covid-19 has had and will continue to have a major impact on timescales for the foreseeable future. This has meant that the figure for meter exchanges to SMETs2 is significantly lower than initially planned. The SMETs2 rollout has been affected with lockdowns and continuing local lockdowns as well as customer resistance.</p> <p>Covid-19 may also have an impact on the ability of all market participants to become qualified within the Ofgem timeframe as the qualification process is lengthy and it involves testing and site visits by Elexon and KPMG. With the continued framework of working from home, travel restrictions, local lockdowns and self-isolation due to Covid-19 this will reduce site visits which will result in qualification taking much longer than expected.</p> |

Data access and privacy (chapter 7)

| Question | TMA Data Management Response |
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| <p>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</p> | <p>Yes</p> |

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| <p>purposes. Do you agree that this is a proportionate approach? We welcome your views.</p> | |
| <p>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.</p> | <p>TMA Data Management believe customers have the right to daily granularity of data consumption for settlements.</p> <p>Half-hourly data should be used as much as possible for accurate data in settlements and accurate bills for customers. Going back to daily meter readings in place of half-hourly data will mean settlement is reasonably accurate.</p> |
| <p>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.</p> | <p>TMA Data Management believe that there should be a central element of communication. This should be available on Ofgems website.</p> |

Consumer impacts (chapter 8)

| Question | TMA Data Management Response |
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| 14. Do you have additional evidence which would help us refine the load shifting assumptions we have made in the Impact Assessment? | <p>TMA Data Management is not able to provide any additional evidence for load shifting assumptions due to the lack of available data.</p> <p>Evidence is required for the benefits of load shifting for the non-domestic market. The current lack of data to support the benefits suggest these are highly overestimated, the number of people looking at TOU and load shift will be limited.</p> |
| 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. | <p>It is difficult to see the benefit for consumer load shifting as there are so many variables and consumers would need to be engaged to do this as well as given the products to allow them to do so. There is no evidence to confirm SMEs interest or attitude toward load shifting. The paper outlines that “there is less firm evidence about small non-domestic consumers’ attitudes towards flexible usage”.</p> <p>From the paper it is difficult to draw conclusions from the research so far which will have an impact on the values associated with the benefits. It shows that there is different understanding for load shift potential.</p> |

Programme management (chapter 9)

| Question | TMA Data Management Response |
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| <p>16. Do you agree we have identified the right delivery functions to implement MHHS? We welcome your views.</p> | <p>TMA agree with the delivery functions to implement MHHS, ensuring that the overall view stays within the PMO.</p> <p>We would also find having a Systems Integrator to be beneficial due to the main benefit of having few parties to co-ordinate with and read out to.</p> |
| <p>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.</p> | <p>TMA Data Management would prefer Ofgem to take responsibility for the management and operations for all of the management functions. This ensures that there is no conflict of interest and does not affect monopoly / competition.</p> <p>TMA do not agree to the programme management function sitting with an Industry Party. There are a number of issues with monopoly / competition in this option.</p> <p>TMA also not agree with Elexon petitioning for support for the PM role and the subsequent modification P413 being raised. We find this inappropriate and unfair to any external company that may like to be considered for this role.</p> <p>TMA agree with the current funding structure proposal.</p> |

Other (chapter 10)

| Question | TMA Data Management Response |
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| 18. Do you have any comments on the Impact Assessment published alongside this | <p>The Impact Assessment is still missing elements of factual data and doesn't cover all options for implementation of MHHS.</p> <p>The IA doesn't seem to refer to existing HH settlement arrangements and Elective HH as options or why these were not considered. Surely this would have been the most straightforward approach and would have been the best Phase 1 implementation in order to prove the benefits of MHHS.</p> <p>For the cost involved in central data aggregation, this will be an ongoing cost not a transitional cost as stated in the IA, this is due to the same tasks continuing within central systems so therefore there is no possible way that this could be considered transitional and will have to be ongoing. Other costs stated in the IA are not listed but TMA have a view that these are ongoing costs. The IA should be updated to show all costing with breakdowns for DCC, Elexon etc.</p> <p>More information on the adjustments made to suppliers (3.12) is required in the IA as there is currently no further information on this.</p> <p>The IA should be updated to include the Covid-19 implications already suffered by the market as a whole and the adjustment of timescales of smart meters based on this. TMA do not see how the 85% target of smart meter installation will be achieved by 2025 due to the current situation.</p> |