



## OVO Response to Ofgem draft forward work programme

17 February 2016

# 1. INTRODUCTION

- 1.1. OVO is responding to this consultation to discuss Ofgem's intention to launch a significant code review on the introduction of mandatory half hourly settlement (HHS) in the period 2016/17. OVO views moving to elective HHS as essential to fully unlocking the potential of the smart meter rollout and are keen to play an active role in facilitating the transition at the earliest feasible opportunity. We have previously responded to Ofgem's open letter on HHS and remain keen to engage with both Ofgem and the wider industry to effect the delivery of elective half hourly settlement in the most -timely fashion possible.
- 1.2. While we believe the benefits of HHS are clear, we have concerns that Ofgem's proposal to introduce mandatory HHS via a significant code review (SCR) might interfere with the success of enabling cost effective elective HHS. We think that the focus should be on solving the operational issues associated with enabling elective HHS before any decisions are made on the need to introduce mandatory HHS.

## 2. RESPONSE TO SPECIFIC CONSULTATION QUESTIONS

Question 6: Do you have any specific comments?

- 1.3. As we have stated in the introduction to this response, OVO is committed to being at the forefront of enabling elective HHS in the most timely and cost effective manner. We are confident that the industry codes process in conjunction with cooperation from Ofgem can deliver the changes necessary to make elective HHS cost effective.
- 1.4. Our response to Ofgem's open letter outlined a number of specific issues that we have uncovered that we believe represent a barrier to enabling elective HHS in a cost effective manner. We have listed these issues in the table below. Note the

outer column which discusses whether it is OVO's understanding of whether we consider a code change is necessary.

- 1.5. As can be seen from table 1, several of the issues have not been examined sufficiently to determine whether a code change might be necessary. Indeed many of the issues we have raised relate to whether industry systems would be capable of dealing with the increased data flows that will be required to enable cost effective HHS. For this reason we think that the most important next step is for Ofgem to continue building on the work of the Settlement Reform Advisory Group (SRAG) and advance the comprehension of what the necessary changes are before deciding on whether launching a SCR is necessary.

**Table 1.** Current issue of relevance to cost effective half hourly settlement

Issue	Solution	Code Change required
<b>BSC cost recovery</b>	Elective HHS customers should be charged the same as non-half hourly customers.	No
<b>Change of measurement class (CoMC)</b>	Ofgem to find the best means of altering the CoMC process Further thinking required on the issue of Change of tenancy and change of supplier	Unclear
<b>Appointment of HHDC</b>	Build on SRAG work, Ensure that the requirements for half hourly data submission are made clearer. Consult on whether central systems have sufficient capacity to cope with significant uptake of domestic HHS	No
<b>Feed in Tariff (FiT) spill affecting Group Correction Factors (GCFs)</b>	<b>Long term:</b> Meter all FiT sites and settle FiT export <b>Short term:</b> Apply GCFs to HHS	Yes

<b>Avoiding the use of Triads for domestic HHS customers</b>	Raise a Connections use of System Code (CuSC) modification to apply existing non-half hourly Transmission use of system (TNUoS) charging to HHS for domestic customers	Yes
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OVO is keen to continue to play an active role in solving the issues we have raised in this response. We are more than willing to continue discussing any of the solutions we have proposed further with Ofgem and have attached our contact details in the hope that Ofgem will continue to engage with us throughout all phases of the transition to HHS.

Yours sincerely,



Stephen Harris

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Please use the following email address if you wish to discuss our response further:  
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