AMO Consulation Response

Subject	Ofgem Electricity Retail Market-wide Half-hourly Settlement: Draft Impact Assessment Consultation
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This response is not confidential.

The Association of Meter Operators (AMO) is a trade association representing the interests the twenty-three utility metering company members. For more details see AMO website.

The AMO would like to thank Ofgem for the opportunity to have a representative involved in the DWG and the CCDG activities. This has enabled a metering perspective to be given to the deliberations.

This response is in respect of the Ofgem Electricity Retail Market-wide Half-hourly Settlement: Draft Impact Assessment Consultation[1]. AMO members had visibility of a draft of this response and this response includes any subsequent member feedback.

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.

The AMO 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,

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

etc. The use of a data cloud of dis-aggregated 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 metering companies are asked about accuracy of data or faults it would be helpful to have access to view the disaggregated data store for those metering systems for which the metering service is responsible. This would also assist the proving test and commissioning processes, by not requiring the Data Service to send data, but allows the Metering Service to view when values of metered data being submitted by the Data Service. It would also allow the Metering Service to view when a metering or communications fault commenced, as actual data is replaced with estimated data. Then after a fault is resolved to see the level of correctly data aligns with metering company expectations.

Currently a number of Metering companies are combined with Data companies where these benefits may be achieved. By making access to a central data repository available to all metering companies then the opportunity to review all metering systems broadens the opportunity to improve data quality and enhancing competition.

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.

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 Advanced Meters and Smart Meters are required to have remote communications equipment. It should therefore be realistic to obtain settlement data remotely for the majority of Smart and Advanced metering systems in that timescale. Where there are metering or communication faults then accurate data will be delayed until a later settlement run. The ability for the Data Service to progressively update the data repository will reveal where communication and metering faults have been rectified giving all stakholders immediate visibility of corrected 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.

Extended metering or remote communication failures will result in some metering systems still being incorrect at 4 months. The ratcheted Dispute process will allow for material errors to be financially resolved. The data repository will allow for revised data to be made available to stakholders, even after 4 months.

The tighter settlement window will increase the focus on metering services to resolve metering faults in a more timely manner. Currently the BSC requires HH faults to be addressed in a short timescale, but there is no timescale for NHH metering faults. While Metering Services will respond to this pressure the constraint will always be gaining access to customers premises.

There was discussion within the BSC of a revised fault reporting arrangement under BSC Issue 73. The resulting BSC Change Proposals did not progress as the feedback from industry was mixed. A major comment was the confusion of the scope for the proposed new arrangements between the existing NHH/HH or advanced meters. The MHHS clarity about the Advanced and Smart segment could provide the clear distinction for the application of new processes to efficiently manage fault processes. As MHHS design develops the fault process should be revisited.

There are only several hundred CVA metering systems, although these measure all of the national energy twice, once at a power station and once at the GSP, therefore a failure of their metering equipment can significantly impact settlement calculation. An aspect of the timescale for the SF & RF run will be the ability to resolve faults and/or ensure an accurate estimate promptly. In the CVA activity the access to metering equipment is less of an issue but the fault repair/replacement time for CVA can be significant. So, seeking to identify and repair/replace equipment within a 4 month period may be a new challenge for the industry. The impacts on the CVA data quality is an aspect that could trigger new requirements for resilience of metering equipment and speed of repair.

The settlement timetable changes will trigger some interesting challenges for the industry to improve the speed of response to metering equipment faults.

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. See response to Q4.

What the MMHS framework should seek to avoid is the situation that occurred for many years after 1998 when the RF run was followed by a routine DF run as this would negate the benefit of the shorted RF timescale.

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.

There are existing issues with the identification and appointment of the import Meter Operator to the export MPAN. This is being raised as a BSC Issue. In the MHHS design developing in the CCDG it is proposed that the import and export MPANs are linked in the Registration Service. The Metering Service would then have viability of this relationship. This will facilitate the correct association with the Metering Service that the BSC requires to be appointed to both the import and the export MPANs.

To prevent the existing ~1mill generation arrangements without settlement metering increasing, as part of the transition planning there should be a milestone to ensure all newly connected generation equipment is required to have an export MPAN. Specifically, the current 30kW threshold would be reduced to 0kW from, say, the commencement of transition.

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 that 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 Advanced Meters into the current HH arrangements, identification of export MPANs, relationship of export and import MPANs, registration/settlement of export MPANs, data cleansing, etc. 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?

Covid-19 has clearly impacted on the installation of metering equipment, smart and Advanced. But the indicative project timescales have been adjusted accordingly.

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.

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 would seem to be ideal. 'Locking' the existing customers who have selected a monthly regime would at least prevent the number growing and could be then reviewed by Ofgem at a later date.

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.

Smart Energy GB has an established infrastructure and funding to engage with customers about smart meters. This would seem a logical organisation to provide this messaging which is closely aligned.

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 manage the programme.

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?

The impact of BSC Modifications P375 & P379 should be reviewed. It would easier to deliver the requirements of these Modification following the delivery of MHHS. Although a member has expressed the view that P375 could proceed in advance of MHHS. There is a concern that developing the necessary system and operational changes in parallel with MHHS are likely to place an undue burden on stakeholders, including ELEXON.

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