

Feedback Form

Electricity retail market-wide half-hourly settlement: consultation

The deadline for responses is 14 September 2020. Please send this form to HalfHourlySettlement@ofgem.gov.uk once completed.

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Is your feedback confidential? NO YES

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If the information you give in your response contains personal data under General Data Protection Regulation (EU) 2016/679 and Data Protection Act

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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.

SSEN support MHHS being introduced on the basis of the Target Operating Model recommended by the Design Working Group and look forward to the Final Business Case (FBC) and technical requirements being developed by the Architecture Working Group (AWG) in due course.

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.

On balance, SSEN consider non-aggregated data being sent to the central settlement system is more efficient and cost effective than the current approach of aggregating at both the supplier agent level and in central settlement systems.

Aggregating data in one location and within the central settlement system should improve data quality and settlement runs. DNO's in particular see the greatest benefits when data is non-aggregated.

Concerns remain around the true cost of removing the DA role and how flexible changes are introduced through the current BSC modification process.

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.

Reducing the settlement timetable has a range of benefits and SSEN support Ofgem's proposal to reduce the Initial Settlement (SF) Run from 16WDs to 5-7WDs.

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.

Reducing the settlement timetable has a range of benefits and SSEN support Ofgem's proposal to reduce the Final Reconciliation (RF) Run from 14 months to 4 months.

Settlement runs are needed to allow manually read meters to filter through, therefore it is important there is a good coverage of smart meters.

In addition, settlement runs allow metering defects to be identified, corrected and resolved without raising a trading dispute. Consideration should be given as to whether 4 months is sufficient to allow these sorts of corrections to take place.

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.

Reducing the post-final (DF) settlement run from 28 months to 20 months seems to strike a good balance to incentivise parties to identify and resolve errors promptly whilst allowing sufficient time to correct errors.

Export-related meter points

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

SSEN support the proposal to introduce MHHS for both import and export related MPANs. We welcome the recognition that whilst having access to export MPANs may improve network management for DNOs through improved visibility of exporting load, there may also be significant setup and ongoing administration costs associated with the management of newly created export MPANs.

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 do not identify any material differences if the transition period is aligned for import and export. On balance it would seem a sensible approach to align implementation and take advantage of any efficiencies and therefore SSEN support the proposed approach.

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.

SSEN agree with a 4 year transition period with a 3 year develop and build period and 1 year migration. In light of COVID-19 and possible delays, SSEN accept that the end date of 2024 may change, but would note caution if the programme were to be delayed but end date remained the same.

Continued consideration should be given to delays or changes to other programmes such as the Faster Switching programme and Smart Meter rollout programme that may impact systems and resources needed for MHHS.

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.

In principle SSEN agree with a 4 year transition and specific timings for DNO's, subject to the final design and subsequent SSEN impact assessment.

Continued consideration should be given to delays or changes to other programmes such as the Faster Switching programme and Smart Meter rollout programme that may impact systems and resources needed for MHHS.

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

MHHS settlement has progressed well and is currently at a key stage of the solution design. It is important that the 4-year transition period remains protected and any COVID-19 delays are built into the end date.

SSEN would also note that there are a number of key industry programmes in-flight that will overlap the MHHS programme.

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.

SSEN supports the proposed Legal obligation to collect data at daily granularity where customers have opted out of HH data collection for settlement and forecasting purposes.

Accessing data as granular as possible will allow for more accurate allocation of consumption to HH settlement periods and the associated benefits of MHHS.

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.

SSE believe that it is proportionate to require data to be collected at daily granularity for settlement and forecasting purposes for all these consumers to ensure as few gaps as possible in the data going into settlements.

This will help realise the overall benefits of MHHS and use of smart meter functionality.

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.

As a DNO we feel this is more suited to an energy supplier to define their customer messaging. Whilst we feel a consistent, comprehensive message could be provided by a central body, energy suppliers are perhaps more in touch with their customer base to tailor specific messaging.

Consumer impacts

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

We do not have any further evidence in addition to that already provided in the consultation and Outline Business Case (OBC).

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.

We do not have any further views in addition to those already stated in the "Potential consumer impacts following the implementation of Market-wide Half-Hourly Settlement" paper.

Information, education and choice are fundamental to ensure consumers are engaged and respond.

Programme management

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

In principle we agree with the current proposed delivery functions, however it has not yet been determined where the responsibility for management and operation of the programme management functions should sit, with this being a key area to ensure success we look forward to further information being made available in the FBC.

Settlement has broad purposes across industry, more so than just energy volumes, for example DNOs use it to monitor and charge for network capacity. We would recommend that whichever party(s) perform the programme management that they have broader knowledge than just the the settlement of energy and good experience of the wider industry.

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.

We don't disagree with any of the management options. In terms of funding we would question if the BSC has a broad enough remit to consider the full benefit of this data, particularly from our perspective as a DNO/DSO

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?

We do not have any further comments to add.