

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.

Organisation: UK Power Networks

Contact: Erroll Marjoram

Is your feedback confidential? NO YES

Unless you mark your response confidential, we will publish it on our website, www.ofgem.gov.uk, and put it in our library. You can ask us to keep your response confidential, and we will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your 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 have reviewed the TOM and agree that what is proposed is fit for purpose. This represents a significant change to the arrangements which have been in place for many years, but we believe that it is the most appropriate approach proposed to date.

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.

Having HH consumption data in a non-aggregated form* will be key to the industry in the future as we move to a greater level of granularity and cost-reflectivity in charges to Suppliers and Consumers. As such moving to these arrangements and having such data in a non-aggregated form from commencement will likely remove a further fundamental change being required in future years.

* such data is beyond the level available to UK Power Networks under our Smart Meter Data Privacy Plan at this point in time

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 support having SF in this time frame.

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 support having the Final Reconciliation Run in this time frame.

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 support having DF in this time frame and can see the advantages of the ratcheted materiality proposals.

Export-related meter points

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

As export continues to grow at all voltages on the networks, having clear visibility of it and treating it consistently with import will be vital, as a result we strongly support this approach.

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.

In line with the response to Q6 we believe that consistency between import and export is vital, as a result we strongly support this 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.

We feel that the move to such fundamentally different arrangements is a significant step, but one that is required. From our experience, our elements of such significant change would be able to be delivered in the proposed time frame. However as this change will impact so many industry parties, many of which will have bespoke systems, it is vital that any concerns of parties who believe they will not be able to deliver in such timeframes are fully understood before the programme fixes any transition and implementation dates.

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.

We feel that at the current time the high level dates in the four year plan are appropriate from a UK Power Networks perspective. As the wider industry work on CSS has seen some delays due to the volume of work as well as the impact from COVID-19, there is a concern that any work by the DNOs would be dependent on the CSS programme being complete and all systems/processes having been implemented first.

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

At the current time it seems that most industry parties are now operating close to normally, even if in a slightly different way. However as this programme impacts all parties within the industry it is important that all are able to fully engage, and so any concerns raised need to be understood so we can ensure we are not leaving anyone behind as the work moves forward. With the above in mind contingency and/or mitigation for the pandemic should be built into the wider programme timescales and approach. Whilst building any contingency and/or mitigation into the programme, strenuous efforts should be made to keep the overall costs of the programme as efficient as possible.

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.

Please see our response to Question 12.

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.

Moving to daily granularity for customers who opt out would have to be justified by the associated benefits over monthly granularity keeping in mind consumer privacy concerns. In terms of proportionality there may be merit in taking stock of the data gaps where customers have opted out, and the impacts of this, before moving to mandating daily data reporting for such customers.

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.

Having a web based portal which customers can view regardless of their supplier should be a key deliverable following such a change in arrangements. This should not prevent suppliers from offering their own additional support and portal for their own customers if they feel that they can offer anything above and beyond what the central portal will hold.

The role should be defined within an existing industry code and then delivered using external contracts with a relevant party, this could be an extension of CSS arrangements which will hold data for all MPANs.

Consumer impacts

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

Evidence of customer load shifting, that we are aware of, is limited to trials rather than wider evidence from implemented arrangements.

We have seen in some of these trials that customers are willing to engage in shifting their demand, such as Low Carbon London. However we are not aware of any wider evidence of whether a significant proportion of customers would be willing and able to do so over a prolonged and enduring period of time.

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.

There are significant amount of customers at all levels who simply need to operate at certain times, such as domestic customers for cooking or businesses due to their operating hours. The ability of a greater proportion of customers to engage and become truly flexible is likely to rely on support and incentives to allow them to operate differently ensuring they have access to the tools required to flex their energy consumption. Unless such arrangements are supported by industry/government policy then it may leave a considerable number of customers not able to fully engage in the flexibility this change could offer.

Programme management

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

Yes we believe that the functions which have been identified are correct, we would however suggest that a review is taken across all codes to ensure that the most appropriate party is identified to support the successful implementation of the programme, even if this results in different packages of work being allocated to different organisations, so that appropriate challenge can be given.

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 support the proposal on the management of the delivery functions and how the work would be funded.

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?

No we have nothing further to add.