HEADLINE REPORT

MEETING NAME	Design Working Group (DWG) – Market-wide Half Hourly Settlement SCR

Meeting number	10
Date of meeting	22 August 2018
Purpose of paper	Information
Classification	Public
Synopsis	Summary of the tenth DWG meeting and actions arising.

1. Introduction

1.1 ELEXON introduced the tenth DWG meeting and set out the meeting objectives. These were to:

- Obtain feedback on the progress of the DWG's four workgroups;

- Consider specific design recommendations from Workgroups 2 and 3;

- Agree the updates to the Risks, Assumptions, Issues and Dependencies (RAID) log; and

- Note the updated Gantt chart, which has been revised after discussions between ELEXON and Ofgem.

2. WG2 – Recommendations on Load Shaping Service – DWG10/01

2.1 ELEXON invited the DWG to agree the Load Shaping Service (LSS) approach recommended by Workgroup 2 'Processing and Load Shaping Services and Registration Interaction'.

2.2 The DWG unanimously agreed to proceed with the Workgroup's proposed approach, as described in the paper. During its discussion, the DWG considered:

- That the LSS could be embedded in the aggregation service under Target Operating Model (TOM) E 'Single central service covering Retrieval through to Volume Allocation', or in any TOM variant that has a single centralised aggregation service. In a multiple/distributed aggregator model, it considered that a single LSS will be needed to prevent potential gaming of the load shapes.

- The clarity of the LSS process map wording. ELEXON:

  o Agreed to amend the 'Categories' box to 'Category definitions'; and

  o Clarified that the reference to 'weightings' means the ability to weight by population (e.g. in GSP Groups). This has been included in the LSS in order to give a reporting capability that could be beneficial for forecasting and other analysis.

- Whether the load shapes could be different to the actual consumption of the customers to whom they are applied. ELEXON noted that this could be the case, but that it was not possible to collect metered data if the customer has opted out or does not have a smart Meter. The load shapes will create a more representative average than the current profiles, due to the larger data set.

- That allowing domestic customers to opt out of sharing their Half Hourly (HH) data for Settlement, as currently proposed in Ofgem's consultation on data access/privacy, creates the potential for gaming the load shapes. However, this can be mitigated through the TOM design by applying scaling weights that map to periods of the day. ELEXON agreed to discuss this further with Workgroup 4 'Aggregation and Volume Allocation Services and Registration Interaction'.

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3. WG3 – Unmetered Supplies options evaluation

3.1 ELEXON presented a [matrix and slides](#) showing the four options considered by Workgroup 3 'Settlement Period Unmetered Supplies Service and Distribution Business Interaction'. The Workgroup recommends Option 2, which provides the Supplier with HH data for all Unmetered Supplies (UMS) customers. This best delivers the TOM design principles as it:

- Facilitates increased Supplier competition in the UMS market (since Suppliers will no longer have to operate different processes for UMS and metered customers);

- Enables Suppliers to reconcile billing and Settlement data (as it removes the need for Estimated Annual Consumption (EAC) values);

- Facilitates cost-reflective billing on a tariff-period basis;

- Facilitates future innovations (e.g. offsetting UMS with microgeneration); and

- Avoids the complexities of the other three options (e.g. on Change of Supplier or Change of Measurement Class).

3.2 The DWG unanimously agreed with the Workgroup's proposed approach.

4. Update on other areas of workgroup progress

4.1 ELEXON gave a verbal update on the general progress of the four workgroups as follows:

- Workgroup 1 'Metering, Meter Reading and Retrieval Services' is on its second draft of service requirements. Some requirements have been pushed downstream into the Processing Service under Workgroup 2. For example, Workgroup 1 has defined the Meter Reading Service as a transactional service and the Processing Service will be responsible for sending the schedule for Meter data collection to the Retrieval Service. The next Workgroup 1 meeting is on 6 September 2018, although this may be cancelled if its work can be completed by correspondence.

- Workgroup 2 will next meet on 29 August 2018 to undertake a further review of its requirements.

- Workgroup 3 is working on its second draft of requirements for the Settlement Period UMS Service (SPUMS) and is beginning to define requirements for Unmetered Suppliers Operators (UMSOs). It intends to review these by correspondence and will only meet again if anything arises from the DWG's discussions.

- Workgroup 4 is on its third draft of requirements for the Aggregation Service and has completed its first draft of requirements for the Volume Allocation Service. It still needs to discuss the Settlement timetable at its next meeting on 7 September 2018 – in particular, the timing of the final Settlement run. ELEXON will bring the Workgroup's recommendations on this to the next DWG meeting on 18 September.

4.2 ELEXON advised that there will be a combined meeting of all four workgroups on 12 September 2018, to conduct a gap analysis of the draft service requirements. ELEXON will also present the draft requirements to the DWG on 18 September 2018.

4.3 ELEXON noted that it has held discussions with Ofgem and a DWG member on the interactions between Market-wide HH Settlement (MHHS) and Faster Switching. The risk identified was not considered to be an issue for retrieving data for 'losing' Suppliers on a Change of Supplier, providing that the Retrieval Service is carefully defined. Although there may be a separate issue with the speed of switches for 'dumb' Meters, this applies to the current Settlement arrangements and not just MHHS – and is therefore best addressed as part of the Faster Switching Significant Code Review (SCR).

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4.4 The DWG discussed the potential for the registration system to act as a 'single source of truth' for agent appointments, as an alternative to perpetuating the Supplier appointment model. It considered that the case for this could be increased by Faster Switching and noted that this had been discussed under the Faster Switching SCR (though not ultimately progressed, as it was out of scope). The DWG noted that consideration would need to be given to customer-appointed agents. ELEXON agreed to use the documented Faster Switching discussions as a starting point and bring its further thoughts to the 18 September DWG meeting.

5. Updated RAID log

5.1 ELEXON presented the redlined RAID log, incorporating the changes agreed at DWG09.

5.2 ELEXON advised that it had also included suggestions on if, when and how it will be possible to validate the assumptions during Stage 2.

5.3 ELEXON noted that, at DWG09, the DWG had suggested that Workgroup 2 discusses Issue 02 'Related Meters' and Issue 03 'Identifying types of customers and metering at point of sale'. ELEXON sought more clarity from the DWG on whether these are Settlement issues. The DWG noted that both issues are expected to be resolved under the Faster Switching SCR as follows:

- For Issue 02, the registration system will need to hold Related Meter as a data item. The issue also goes away on installation of a smart Meter.

- For Issue 03, the proposal is that Meter Technical Details are moved to the Supplier Meter Registration Service (SMRS). The expectation is that SMRS will be notified when a smart Meter is installed, for both SMETS1 and SMETS2.

The DWG agreed to keep both issues in the RAID log for the time being, but that the only action is to maintain a watching brief on their resolution under the Faster Switching SCR.

5.4 For Assumption 06 'That Settlement will continue to be in clock time and Meter data will need to be converted from Coordinated Universal Time (UTC)', the DWG agreed that the TOM requirements will need to be clear on when the smart Meter data changes from UTC to clock time.

5.5 The DWG agreed that ELEXON should accept all the redlined changes, make the extra changes agreed above and circulate a new version of the log for use. It noted that it will continue to review the log regularly.

6. Ofgem update

6.1 ELEXON noted the updated Gantt chart circulated to DWG members after further planning discussions with Ofgem. It advised that the key changes are to:

- Reflect the latest planning assumption that the DWG will need to narrow down the TOM options to a single preferred TOM by January 2019, and that ELEXON will therefore bring initial thoughts on how to do this to the DWG meeting on 18 September 2018.

- Reflect that the Ofgem policy decisions on agent functions and data access/privacy may not be received in time for the DWG meeting on 13 November 2018. However, in this event, Ofgem intends to provide 'least regrets steers' to the DWG by its November meeting (while consideration on the policy decisions continues) so that the DWG can still finalise the TOM requirements and choose a single preferred TOM by January 2019.

- Include an extra industry consultation during February-March 2019 on the DWG's final TOM evaluation and selection (with DWG meetings either side to agree the consultation content and discuss the responses).

6.2 ELEXON noted that the January 2019 report milestone is dependent on Ofgem's 'least-regrets steers':

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- Being provided in good time for the November DWG meeting;

- Giving enough detail for the DWG to finalise the TOM design and choose between the TOMs;

- Removing at least one TOM from consideration; and

- Not requiring significant extra 'hidden identity' impacts on existing TOM services or on services currently outside the TOMs.

6.3 ELEXON noted that the milestones from February 2019 onwards are dependent on having received Ofgem's final policy decisions on agent functions and data access/privacy, and these not differing from Ofgem's November 2018 steers. If the final policy decisions are different, then the DWG will need to consider the implications of this on the TOM requirements and the identification of the preferred TOM.

6.4 ELEXON noted the possibility that, even after evaluating the TOMs, the DWG may be left with a couple of 'front-runner' TOMs that it cannot choose between without a further steer from Ofgem. In this situation, the decision would be escalated to the Ofgem Senior Responsible Owner (SRO). It noted that the Design Advisory Board (DAB) also has opportunities to feed in its views at its meetings in September and November 2018.

6.5 The DWG supported the plan for it to evaluate the TOMs and agreed that an industry consultation on the preferred TOM was required. It noted that it would not be starting from scratch on the evaluation, since it could use its Stage 1 evaluation criteria and scoring as a starting point.

6.6 ELEXON noted that it would publish a revised Forward Work Plan in due course.

6.7 Ofgem advised that it has published its Outline Business Case, which sets out the draft economic assessment of the benefits of MHHS and discusses the application of Ofgem's powers under the Smart Meters Act. While not a formal consultation, it seeks feedback from stakeholders by 17 October 2018. The draft economic assessment outlines a strong benefits case for Settlement reform, suggesting that Ofgem's decision on the project should centre on when and how rather than whether market-wide Settlement reform should be introduced. Ofgem is working towards publishing the Final Business Case in the second half of 2019.

6.8 A DWG member asked if Ofgem is still planning to publish an update on agent functions during Summer 2018. Ofgem confirmed that this is still work in progress, with no target date as yet. The DWG noted that, if a further consultation on agent functions is planned, this will be a tight timeframe.

7.   DWG09 Headline Report and actions log

7.1 ELEXON confirmed that the previous meeting's Headline Report has been published.

7.2 ELEXON provided updates on open and recently-completed actions, as summarised on the next page.

8.   Summary, actions and next steps

8.1 ELEXON noted that the key next steps are for it to:

- Hold the combined Workgroup 1-4 gap analysis meeting on 12 September 2018; and

- Present the following to the DWG on 18 September 2018:

   o   The workgroups' draft service requirements;

   o   Workgroup 4's recommendations on the Settlement timetable;

   o   Thoughts on using the registration system as the definitive record of agent appointments; and

   o   Potential approaches to evaluating the TOMs.

8.2 ELEXON noted that the September DWG meeting is therefore a critical milestone in the plan.

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ACTIONS UPDATE

Actions on ELEXON:

07/03 – Review the dependencies in the RAID log – Closed – Postponed at DWG08, begun at DWG09 and completed at DWG10 under item 5 above.

08/01 – Follow up with consultation respondents to thank them for responding, clarify the DWG's identified areas and confirm the next steps – Closed – Email sent from DWG Chairman to all respondents on 3 July 2018. ELEXON has sought further clarification from the identified respondents (see note included with the DWG10 meeting papers).

08/02 – Consider how to draw out, in the TOMs, what types of Meter-level data will be available at various stages in the end-to-end Settlement process – Open – ELEXON will ensure this is included with the final TOM requirements. Due date updated to the November 2018 DWG meeting.

09/01 – Consider further the merits of the DWG setting capability requirements for any TOM architecture, provide guidance on what areas these requirements could cover, and clarify where this could fit into the DWG's Stage 2 process – Open – This is ongoing.

09/02 – Redline the RAID log changes and circulate to the DWG before the next meeting – Closed – Circulated with the DWG10 meeting papers.

09/03 – Establish a transition log to record any DWG or workgroup comments on transitional challenges – Closed – ELEXON has created the log and will use it to record any comments as they arise.

10/01 – ELEXON to update the process map for the Load Shaping Service, changing 'Categories' to 'Category definitions' – Closed – ELEXON circulated this to the DWG on 3 September 2018.

10/02 – ELEXON to discuss with Workgroup 4 how to mitigate any opportunity for gaming the load shapes if Ofgem makes an 'Opt-out' decision on data access/privacy – Open.

10/03 – ELEXON to bring thoughts to the next DWG on how the registration service could act as the 'single source of truth' for agent appointments, using the previous Faster Switching discussions as a starting point – Open.

10/04 – ELEXON to bring a proposal to DWG11 on how the DWG could evaluate the remaining TOMs – Open.

10/05 – ELEXON to make the two further RAID log changes agreed at DWG10, accept the redlining and circulate the final clean version to the DWG – Closed – ELEXON circulated this to the DWG on 3 September 2018.

10/06 – ELEXON to update the Forward Work Plan to reflect the changes to the Gantt chart, as discussed at DWG10 – Open.

Actions on other members:

08/03 – Ofgem and ELEXON to investigate what materials are available on the lessons learned from Project NEXUS – Open – ELEXON has been unable to find anything that is available publicly. Ofgem is considering what can be shared from the Ofgem/PwC lessons learned exercise and intends to provide an update to the DWG meeting on 13 November 2018.

08/05 – Ofgem to consider the merits of having a joint set of innovation scenarios for Faster Switching and MHHS – Open – Ofgem is still discussing internally.

08/06 – Ofgem to confirm what indicative policy milestones can be included in the Gantt chart – Closed – ELEXON circulated an updated Gantt chart to the DWG on 20 August 2018 and this was discussed at DWG10 under item 6 above.