

# HEADLINE REPORT

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

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**Meeting number** 09

**Date of meeting** 17 July 2018

**Purpose of paper** Information

**Classification** Public

**Synopsis** Summary of the ninth DWG meeting and actions arising.

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## 1. Introduction

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

- Gain a better understanding of the different potential architectural options for Market-wide Half Hourly Settlement (MHHS).
- Obtain feedback on the progress of the DWG's four workgroups.
- Review the Risks, Assumptions, Issues and Dependencies (RAID) log.

## 2. Ofgem updates

2.1 Ofgem gave the following updates:

- **Next MHHS stakeholder teleconference:** Ofgem will hold this on 26 July 2018 from 11:00-12:00.
- **Outline business case:** Ofgem intends to publish this in mid-2018.
- **Potential centralisation of agent functions:** Ofgem intends to give an update in Summer 2018.

### Data access consultation:

2.2 Ofgem summarised its [consultation on access to half-hourly electricity data for settlement purposes](#), published on 10 July 2018 and closing on 3 September 2018. Ofgem advised that it:

- Currently believes that, for domestic customers, Opt-out (Option 2) offers the best balance between realising the benefits of MHHS and preserving consumer choice over sharing data;
- Is minded, subject to stakeholder feedback, to rule out the 'anonymisation' option (Option 4a);
- Has renamed the 'pseudonymisation' option as 'hidden identity' (Option 4b);
- Wishes to gather more evidence from stakeholders before reaching a decision;
- Is particularly interested to see evidence on the costs/benefits of the 'hidden identity' Option 4a;
- Is seeking views on whether aggregated Half Hourly (HH) data is sufficient for Suppliers' forecasting; and
- Is also seeking views on whether additional monitoring/auditing requirements are needed and on the accompanying Data Protection Impact Assessment.

2.3 DWG members noted that they had not yet had a chance to read the consultation in detail, but expressed interest in understanding further:

- The reasons why Ofgem prefers Option 2 (opt-out). The DWG noted that Option 3 (mandatory) gives greater Settlement benefits, but recognised that there were other considerations.

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- The percentage of consumers that Ofgem expects to opt-out of MHHS. The DWG noted that, while it is designing the Target Operating Model (TOM) to handle large numbers of customers on register reads, significant numbers of opted-out consumers could undermine the overall business case for MHHS.
- How Ofgem is defining 'Settlement', for the purposes of explaining to the consumer what their HH data will be used for if they do not opt out. The DWG stressed that this must include providing data to the load shaping service, otherwise the BSC will not be able to settle opted-out customers.
- Whether opt-out (Option 2) gives the potential for gaming by Suppliers if the profiles favour certain types of customer groups.
- Whether Options 4a and 4b are only needed under a mandatory (Option 3) approach.
- Whether Options 4a and 4b are likely to increase the difficulty of data validation for Suppliers when matching Settlement and billing data.
- Whether Ofgem plans to hold a stakeholder event to support the consultation.

2.4 ELEXON noted its assumption that, if adopted, the 'hidden identity' Option 4b would be applied to all consumers (whether opted out or not) to avoid the costs and inefficiencies of operating dual processes.

## 3. Update on architectural considerations

3.1 ELEXON gave an overview of how it is already re-architecting its central systems, under its Foundation Programme, to:

- Deliver a flexible, scalable and open platform; and
- Provide Settlement services to meet future market needs.

3.2 ELEXON outlined the potential pros and cons of an open digital platform for the TOM options. In response to DWG members' questions, ELEXON clarified that its presentation was on the capabilities and was not intended to show a particular solution. ELEXON noted previous DWG concerns about storing multiple copies of the same data, and suggested that an open platform (with the right permission controls) could provide different options for addressing these.

3.3 A DWG member noted that ELEXON already has an action to follow up with Siemens on its consultation response comments about lessons learned from US data stores.

3.4 The DWG noted that its workgroups are developing technology-neutral requirements as far as possible. It agreed that the TOM design should neither be constrained by, nor inextricably linked to, any particular technology. However, members continued to have questions about the extent to which the DWG may need to consider architecture when developing a transition approach.

3.5 ELEXON suggested that there would be value in the DWG setting out what capabilities it would require from any technology solution to deliver the TOM. ELEXON agreed to consider the merits of this further, provide guidance on what areas these requirements could cover, and clarify where this could fit into the DWG's Stage 2 process.

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## 4. Update on workgroup progress

- 4.1 ELEXON provided an [update](#) on the progress of the DWG's four workgroups. The DWG provided specific comments on each group's progress, as set out below.
- 4.2 The DWG noted that the initial meetings naturally focused on setting the scope of each group's subsequent work. However, it agreed that it expected the workgroups to start producing outputs from their second meetings onwards. The DWG agreed that ELEXON therefore needed to set clear expectations on what deliverables are needed from each individual workgroup meeting, and in what format.

### **Workgroup 1 (Metering, Meter Reading and Retrieval Services)**

- 4.3 The DWG noted that there appeared to be differing views of what had been agreed on who holds the keys for retrieving data, and that this needed to be clarified. Otherwise, the DWG had no steer for the workgroup at this time.

### **Workgroup 2 (Processing and Load Shaping Services and Registration Interaction)**

- 4.4 The DWG agreed that it would support the workgroup's decision on whether to use sample data or more full-width data. However, it asked ELEXON to feed back the views of some members that full-width data was unnecessary due to its diminishing returns for Settlement accuracy.
- 4.5 Given its earlier discussion on data access, the DWG agreed with the workgroup's decision to design for the 'worst case' scenario of millions of customers being settled on register reads.
- 4.6 The DWG had no further steer for the workgroup at this time.
- 4.7 A DWG member expressed concern over the high workload for Workgroup 2 and asked ELEXON, through its scheduled updates, to keep the DWG informed of how it is mitigating any risk to the timeliness of the workgroup's deliverables.

### **Workgroup 3 (Settlement Period Unmetered Supplies Service and Distribution Business Interaction)**

- 4.8 The DWG noted that this workgroup would meet for the first time on 24 July 2018.

### **Workgroup 4 (Aggregation and Volume Allocation Services and Registration Interaction)**

- 4.9 The DWG discussed the potential reductions in the Settlement timetable. ELEXON noted that this is one of Ofgem's [TOM Design Principles](#). The DWG commented that any Credit Cover savings for BSC Parties would come from shortening the timing of the first Settlement Run. It considered that the timing of the final Settlement Run would be dependent on data quality, and that the savings needed to be balanced against the risk of more Trading Disputes if the revised timescales were not sufficient to resolve Settlement Errors.
- 4.10 ELEXON advised that the workgroup was considering a first Settlement Run timing at 10 Working Days and a final Settlement Run at six to nine months. The DWG advised that it would like to see more information from the workgroup on the constraints and drivers for changes in the Settlement timetable.
- 4.11 The DWG had no further steer for the workgroup at this time.

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## 5. Review of RAID log, incorporating comments from consultation responses (Question 11) and DWG08

- 5.1 The DWG reviewed the [RAID log](#), noting that it had originally developed this at the start of the project.
- 5.2 The DWG agreed that the purpose of the RAID log is to capture risks, assumptions, issues and dependencies relating to its own deliverable of the TOM design – and not any relating to Ofgem’s wider business case for MHHS under its Significant Code Review (SCR), or any regarding the Department for Business, Energy & Industrial Strategy’s (BEIS’s) smart Meter roll-out. The DWG also agreed that the RAID log does not need to capture ELEXON’s or Ofgem’s internal project risks, which are being monitored separately.
- 5.3 With this in mind, the DWG agreed various changes to the RAID log as set out below. It did not complete its review fully due to time constraints and agreed to finish this at its next meeting on 22 August 2018. ELEXON agreed to redline the changes and circulate them to the DWG by correspondence before the next meeting.
- 5.4 The DWG also agreed to review the RAID log at each of its meetings, in order to check whether anything has changed and to ensure that all risks have up-to-date mitigating actions in place.

### 5.5 Dependencies:

- D01 ('Smart Meter Roll-out') to be reclassified as an assumption that there will be sufficient smart Meter uptake with access to relevant customer data for the TOM to operate effectively.
- D02 ('Faster Switching') to be reclassified as an assumption that any new/amended registration service, as developed under the Faster Switching SCR, will not impact the TOM design. This reflects the DWG’s latest understanding of the Faster Switching design.
- D03 ('SCR Policy Decision: Data Access') and D04 ('SCR Policy Decision: Centralisation') remain unchanged as the TOM design is directly dependent on these.
- D05 ('European Policy') to be reclassified as a risk that European legislation requires a move to 15-minute (quarter-hour) Settlement. The mitigation in place is that the TOM design refers to 'Settlement Period' not 'half hour' or '30 minutes'.
- D06 ('Flexibility initiatives') to be removed, as Ofgem’s existing Design Principles already require the TOM to facilitate these future innovations.
- D07 ('Targeted Charging Review SCR and Wider Charging Futures Initiative') to be reclassified as a risk that the Targeted Charging Review develops requirements, late in the DWG process, that affect the TOM design. The mitigation in place is the existing close contact between the two Ofgem SCR teams.
- D08 ('Brexit') to be removed as it has no impact on the TOM design.

### 5.6 Issues:

- I01 ('Settlement of Export') to be removed, as the TOMs will settle all registered Export. The policy decision on whether to mandate registration, and thus Settlement, of Export needs to be made outside of the DWG. This is because the BSC cannot:
  - Place requirements on the customer, since they are not a BSC Party;
  - Place a requirement on the Import Supplier to register an Export meter for Settlement, as the customer has to have a contractual arrangement with the Export Supplier (and the BSC cannot require it to use the Import Supplier for this purpose); or
  - Require the Feed-In Tariff (FiT) Export Supplier to register an Export Meter for Settlement, as the FiTs scheme does not fall under the BSC.

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If the intention of Ofgem's SCR is to deliver Market-wide Half Hourly Settlement of Export, this therefore potentially requires changes to the government's existing FiTs legislation.

- I02 ('Related meters') and I03 ('Identifying types of customers and metering at point of sale') to be considered by Workgroup 2, to clarify if these are outstanding issues that need to be overcome in the TOM design.
- I04 ('Whether FiTs Meters (and other 'behind the Meter' metering) are included within the smart metering data model') to be reclassified as an assumption that the TOMs are not a barrier to any separate Modification Proposal in this area, but will not include the Settlement of 'behind the Meter' metering in their design.
- I05 ('Interaction with Customer Billing') to be removed, as this is not an issue for the TOM design.

## 5.7 Risks:

- R01 ('Risk that changes de-stabilise the existing HH Settlement') remains unchanged. The mitigation in place is that, by designing separate services, the TOM design does not materially impact the existing arrangements for advanced Meters.

## 5.8 Assumptions:

- All existing assumptions A01-A08 to remain unchanged for now, pending the DWG's review at its next meeting. DWG and ELEXON to consider at the next meeting if/how the assumptions can be validated. A DWG member suggested that A04 needed further consideration, in particular around the synchronisation and potential drift of the 'half hour' start and end times across all smart Meters.
- New assumption to be added, that the Data and Communications Company (DCC) structure can support the use of the TOM's retrieval service.

5.9 The DWG agreed that ELEXON should establish a separate transition log to record any DWG or workgroup comments on transitional challenges, as they arise. This will ensure that any comments are not forgotten and that the DWG can revisit them once it moves on to considering the transition approach. This transition log could also form the basis for a later updated RAID log.

## 6. DWG08 Headline Report and actions log

6.1 ELEXON confirmed that the previous meeting's [Headline Report](#) has been published.

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

## 7. Summary, actions and next steps

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

- Continue the development of solution requirements with the individual workgroups;
- Clarify the DWG's role in setting capability requirements for any architecture to facilitate the TOM;
- Circulate a redlined RAID log to the DWG; and
- Create a transition log.

7.2 ELEXON advised that the next DWG meeting is scheduled for 22 August 2018. It proposed to hold this meeting by teleconference/webinar. The DWG noted that the draft agenda includes its continued review of the RAID log and further updates on workgroup progress. ELEXON advised that all four workgroups would be meeting over the next fortnight, and that it would therefore confirm the final arrangements for the August meeting once it had a view of any further areas in which the workgroups require the DWG's feedback.

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## ACTIONS UPDATE

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### **Actions on ELEXON:**

07/03 – Review the dependencies in the RAID log – Open – Postponed at DWG08, begun at DWG09 and to be completed at DWG10.

07/11 – Bring thoughts to the next DWG on how/when it will consider architecture, how this fits with Ofgem's planned RFI/CBA and business case decision, and what level of detail the DWG discussions will produce and hand over to the Mods Process – Closed – Subject of item 2 above; however see new related Action 09/01.

08/01 – Follow up with consultation respondents to thank them for responding, clarify the DWG's identified areas and confirm the next steps – Open – Email sent from DWG Chairman to all respondents on 3 July 2018 and ELEXON is continuing to seek clarification from specific respondents.

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 – Due date not till 31 August 2018.

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.

09/02 – Redline the RAID log changes and circulate to the DWG before the next meeting – Open.

09/03 – Establish a transition log to record any DWG or workgroup comments on transitional challenges – 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 with the DWG from the Ofgem/PwC lessons learned exercise.

08/04 – Ofgem to confirm whether it is conducting a National Security Threat Assessment on the risks of consolidating agent functions – Closed – Ofgem confirmed that it will carry out a NSTA after it has made its policy decisions on data access / centralisation and has the final TOM.

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 – Open – Ofgem and ELEXON have a meeting at the end of July 2018 to discuss.