

HEADLINE REPORT

MEETING NAME	Design Working Group (DWG) – Market-wide Half Hourly Settlement SCR
Meeting number	08
Date of meeting	13 June 2018
Purpose of paper	Information
Classification	Public
Synopsis	Summary of the eighth DWG meeting and actions arising.

1. Introduction

- 1.1 ELEXON introduced the eighth DWG meeting and set out the meeting objectives. These were to:
- Review the responses to the DWG’s consultation on the five ‘skeleton’ Target Operating Models (TOMs) for Market-wide Half Hourly Settlement (MHHS), as developed during its high-level Stage 1 design work.
 - Agree any changes to the TOMs that are carried forward for detailed design in Stage 2.
- 1.2 ELEXON advised that it has published the updated DWG membership list for Stage 2 on the [DWG webpage](#). Ofgem has undertaken a process to replace Eric Graham and has [appointed](#) James Murphy.

2. Ofgem updates

- 2.1 **DWG and policy milestones:** Ofgem provided a recap of the DWG design milestones, as set out in the latest [Forward Work Plan](#), and their interactions with its related policy decisions on centralisation of agent functions and data access/privacy. It noted that:
- The Outline Business Case for MHHS is due to be published in mid-2018. This is the second in three iterations of the business case.
 - The January 2019 milestone for the DWG’s delivery of service requirements (and high-level transitional options) for a single preferred TOM is dependent on the timing of Ofgem’s policy decisions.
 - The DWG’s final report on the preferred TOM and its transitional approach, due in June 2019, will form part of Ofgem’s Full Business Case.
- 2.2 **Significant Code Review (SCR) and Smart Meters Act:** The Smart Meters Act received Royal Assent on 23 May 2018, but will only come into force on a future date as appointed by the Secretary of State. Ofgem confirmed that it intends to continue using SCR Option 3 until it has made a decision in the second half of 2019 on whether to proceed with MHHS. After this, it intends to use its powers to make code and licence modifications under the Smart Meters Act. These give more flexibility for the implementation of changes than the SCR process.
- 2.3 **Industry Code changes:** ELEXON noted that the DWG’s service requirements will not be at a level of detail from which legal drafting for the impacted Industry Codes can be produced straight away, and that subsequent development will be needed of the detailed solution requirements. Ofgem advised that it will work with industry to draft the required Industry Code changes.
- 2.4 **Design Advisory Board (DAB):** Ofgem gave an update from the DAB meeting on 12 June 2018. In particular, it highlighted the DAB’s discussion on whether market-wide Settlement of Export was in or out of the SCR scope – depending in part on Government policy development relating to the Feed-In Tariffs (FiTs) scheme. The DWG was supportive of investigating the inclusion of market-wide Export Settlement in the SCR. ELEXON noted that, as a minimum, the DWG’s design work will facilitate Settlement of Export.

HEADLINE REPORT

3. Responses to consultation on skeleton TOMs

- 3.1 ELEXON presented a [summary](#) of the [responses](#) by question. The DWG discussed whether there were any key themes from the responses.
- 3.2 A DWG member advised that the Association of Independent Meter and Data Agents (AIMDA), who responded to the consultation, is a newly-formed association of non-domestic agents. Three AIMDA members also responded individually.
- 3.3 The DWG agreed that ELEXON should seek to clarify aspects of certain responses as follows:
- Energy Local CIC – clarify why their innovation experience leads them to prefer an unbundled service model.
 - Salient Systems – clarify the intention behind their response.
 - Siemens – follow-up on their comments under Consultation Question 5 about United States examples of data stores, to establish any relevant lessons for MHHS.
 - Stark – clarify their views on the interaction between heat networks and MHHS.
 - TMA Data Management – clarify why they oppose a load shaping service and their suggested alternative solution (so that this can be debated in the workgroup), plus respond to their comments under Consultation Question 1.
- 3.4 The DWG also agreed the following actions during its discussion of the responses:
- ELEXON to 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.
 - Ofgem and ELEXON to investigate what materials are available on the lessons learned from Project NEXUS, noting the desire to apply these (where relevant) to MHHS. The DWG agreed that these may be more of a consideration for transition and implementation, rather than for the design work.
 - Ofgem to confirm whether it is conducting a National Security Threat Assessment on the risks of consolidating agent functions.
- 3.5 After reviewing the consultation responses in detail, the DWG agreed that they had positively reaffirmed its conclusions. In particular, it agreed that the responses:
- Confirm that all five TOMs are viable options, and that there is no consensus at this stage on an overall preferred TOM.
 - Confirm that the only differentiator between the TOMs is how services are grouped.
 - Mean that all TOMs will be taken forward for detailed design and evaluation in Stage 2.
 - Validate that the DWG has not missed any significant aspects of design, and that there is no other potential TOM design that should be explored.
 - Confirm the need to facilitate (not hinder) anticipated innovations, while at the same time not trying to design specific solutions to support these or account for every possible future service.
 - Raise a variety of relevant points of detail that will be considered during the Stage 2 design work.
- 3.6 Ofgem advised that the DAB had also seen and discussed a summary of the responses at its meeting on 12 June 2018, at which the DAB drew similar conclusions.
- 3.7 The DWG agreed that, as well as clarifying specific responses, ELEXON should contact each respondent to thank them and to clarify the DWG's conclusions and next steps.

HEADLINE REPORT

- 3.8 The DWG noted that many respondents had provided strongly-held views on the centralisation of agents, which fell outside its remit. Ofgem confirmed that it would pass these to the relevant policy team for consideration.
- 3.9 The DWG discussed the possibility that, with no clear preferred TOM(s), the Ofgem policy decisions on centralisation and data access/privacy might still leave more than one viable TOM under consideration at the end of Stage 2. Ofgem advised that if there was no clear DWG preference at that point, then it would seek the DAB's views and consider what further process was needed to arrive at a single TOM.

4. Ofgem presentation – Faster switching programme

- 4.1 Ofgem gave an update on the Switching Programme and took questions from the DWG on its interactions with MHHS.
- 4.2 The discussion confirmed that:
- If a customer changes their mind about switching during the cooling-off period, this will be treated as another forward-looking switch back to the old Supplier.
 - The option for the Central Switching Service to undertake agent appointments has been discarded.
 - The Programme is developing a (technology-neutral) logical rather than physical design, e.g. process flows.
 - The Programme's aim is to not block, but not deliver, innovations.
- 4.3 The DWG noted the potential overlap between the future innovations it was considering with those already being looked at by the Switching Programme. Ofgem agreed to consider whether a joint set of scenarios could be useful.

5. Workgroup updates

- 5.1 ELEXON advised that it had finalised the Workgroup Terms of Reference, and published these on the [DWG webpage](#), following the DWG's review by correspondence. It highlighted that it had received one review comment from a DWG member which it had incorporated as paragraph 2.7.
- 5.2 The DWG discussed the workgroup milestones in Appendix 2 of the Terms of Reference, noting that the intention of the various updates is to satisfy the DWG that progress is being made. ELEXON agreed that the July and August 2018 updates would be high-level, with more detail provided to the DWG from September 2018.
- 5.3 ELEXON confirmed the membership of each of the four workgroups, noting that it has published the membership list on the [DWG webpage](#).
- 5.4 ELEXON updated the DWG on the first workgroup meeting held on 11 June 2018. This was a combined teleconference with the members of all four workgroups, and covered:
- Introductions to the ELEXON chairmen and technical support;
 - Confirmation of the workgroup membership;
 - Scene-setting on the outputs of Stage 1 and purpose of Stage 2;
 - The workgroups' Terms of Reference and ways of working; and
 - ELEXON's approach to the second, individual workgroup meetings.
- 5.5 ELEXON advised that the next steps are for it to set up the second meetings of each individual workgroup. As the Load Shaping and Aggregation workgroups will have the most challenging workload, the plan is to hold

HEADLINE REPORT

these during the week commencing 25 June 2018. The Metering workgroup will then follow during week commencing 2 July 2018, with the Unmetered Supplies workgroup later in July.

- 5.6 ELEXON confirmed that it will circulate some materials in advance of the second workgroup meetings and intends to have a requirements template ready for the meetings. At these meetings, each workgroup will agree its own work plan and ways of working.

6. Other business

RAID log

- 6.1 The DWG agreed to postpone its review of the Risks, Assumptions, Issues and Dependencies (RAID) log to its next meeting, in order to devote sufficient time to this. It agreed that the review would pick up any comments from respondents on the RAID log under Consultation Question 11. It agreed to also consider whether the log should include an assumption that Faster Switching will be delivered before MHHS.
- 6.2 A DWG member suggested that the findings in Performance Assurance Board paper [208/15](#) 'Non Half Hourly Settlement by Meter type' might also help test some of the assumptions in the RAID log. This is because it gives a view of Settlement performance by Meter type, including for Smart Equipment Technical Specification (SMETS) Meters.

Gantt chart

- 6.3 ELEXON presented an updated [Gantt chart](#) showing the DWG and DAB meeting dates plus the high-level DWG activities for Stage 2. ELEXON suggested that it would be useful if the Gantt chart also showed indicative timings for the key Ofgem policy milestones, to illustrate the dependencies. ELEXON and Ofgem agreed to discuss this further outside the meeting.
- 6.4 ELEXON highlighted the critical dependencies between the timing of Ofgem's policy decisions (currently anticipated in November 2018), the DAB's discussion of these (currently planned for mid-December 2018) and the workgroups' finalisation of requirements for the 15 January 2019 DWG meeting.
- 6.5 The DWG agreed that any references within the Forward Work Plan and ELEXON Gantt chart to revising the TOMs during June-July 2018 are now unnecessary, as this activity will not be required.

Notes and actions from previous meeting

- 6.6 ELEXON confirmed that the previous meeting's [Headline Report](#) has been published.
- 6.7 ELEXON noted that, aside from the RAID log review, the only outstanding action is for ELEXON to provide its thoughts on how/when the DWG will consider architecture. ELEXON advised that it planned to discuss this with Ofgem before bringing an update to the next DWG meeting. All other actions are completed.

Next steps

- 6.8 ELEXON noted that the key next steps are to:
- Follow-up with consultation respondents; and
 - Begin developing the service requirements with the individual workgroups.
- 6.9 ELEXON advised that the next DWG meeting is scheduled for 17 July 2018, at ELEXON. The DWG noted that the draft agenda includes its review of the RAID log, an initial update/discussion on architecture, verbal updates on workgroup progress and an update on the data access and privacy impact assessment (if published).

HEADLINE REPORT

ACTIONS UPDATE

Actions on ELEXON:

- 07/01 – Update the membership list on the BSC Website to reflect the latest (Stage 2) membership – Closed
- 07/02 – Provide members with indicative meeting dates / Gantt chart for the DWG and its workgroups – Closed
- 07/03 – Review the dependencies in the RAID log – Open and postponed till the July 2018 DWG meeting
- 07/04 – Redraft and finalise the Forward Work Plan – Closed
- 07/05 – Add an extra assumption to the RAID log that smart Meters will be interoperable through the DCC - Closed
- 07/06 – Update the consultation document and questions in line with the DWG’s comments - Closed
- 07/07 – Develop workgroup Terms of Reference for the DWG to review by correspondence – Closed
- 07/08 – Invite those DWG members not present to participate in the workgroups – Closed
- 07/09 – Confirm which DWG members are in which workgroups – Closed
- 07/10 – Invite PEG, SVG and UMSUG members to participate in the relevant workgroups – Closed
- 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 – Open and targeted for the July 2018 DWG meeting
- 08/01 – Follow up with consultation respondents to thank them for responding, clarify the DWG’s identified areas and confirm the next steps – Open
- 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

Actions on other members:

- 07/12 – Ofgem to confirm that no changes are required to the DWG Terms of Reference in order to establish workgroups – Closed
- 07/13 – DWG members to inform ELEXON of any other potential experts who may wish to be involved in the workgroups – Closed
- 08/03 – Ofgem and ELEXON to investigate what materials are available on the lessons learned from Project NEXUS – Open
- 08/04 – Ofgem to confirm whether it is conducting a National Security Threat Assessment on the risks of consolidating agent functions – Open
- 08/05 – Ofgem to consider the merits of having a joint set of innovation scenarios for Faster Switching and MHHS – Open
- 08/06 – Ofgem to confirm what indicative policy milestones can be included in the Gantt chart – Open