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Policy decisions for Settlement Reform – Least-regrets steer to the Design Working Group

Dear Kathryn,

This letter is intended to provide Ofgem's least regrets steer to the Design Working Group (DWG) on the outstanding policy questions that materially affect the design of the Settlement Reform Target Operating Model (TOM).

As this is a least regrets steer, this does not imply that this is the final favoured approach. We continue to carefully consider the responses to the consultation on data access¹, and we will be carefully considering all responses to our consultation on agent functions², before reaching our decisions. This steer is intended to provide a least-regrets planning approach that will allow the progression of the TOM design work with the intention of having the least impact on overall programme timescales, while minimising the risk of doing nugatory work. When we reach our decisions and publish them, we will liaise with you to make any necessary adjustments to the project plan.

Data access

For the purposes of the design work at this time, we would like the DWG to proceed with the design of a TOM without Enhanced Privacy.

As previously discussed, the outcome of other decisions on access to data does not materially affect the TOM design at this time, and we are satisfied that we can provide these to you in the future at such a time that they are resolved, without impacting on the TOM design project timeline.

¹ <https://www.ofgem.gov.uk/publications-and-updates/consultation-access-half-hourly-electricity-data-settlement-purposes>

² <https://www.ofgem.gov.uk/publications-and-updates/consultation-supplier-agent-functions-under-market-wide-settlement-reform>

Agent functions

For the purposes of the design work at this time, we would like the DWG to work on a design based on our proposed approach, published in our consultation document of 17 September 2018³. Our proposed position was that our work on market-wide settlement reform should not include centralisation of agent functions. Additionally, we said that we think there may well be a case for future models where data is not aggregated for submission into central settlement systems and that the data aggregation role may no longer be required in its current form. For the purposes of the design work at this stage, we would like the Design Working Group to consider the design questions set out at paragraphs 3.14 – 3.16 of our consultation document.

Yours sincerely,

Anna Stacey

³ <https://www.ofgem.gov.uk/publications-and-updates/consultation-supplier-agent-functions-under-market-wide-settlement-reform>