Public

DWG 15

Market-wide Half-Hourly
Settlement

13 February 2019
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Health & Safety

In case of an emergency

An alarm will sound to alert you. The alarm is tested for fifteen seconds every Wednesday at 9.20am

Evacuating 350 Euston Road

- If you discover a fire, operate one of the fire alarms next to the four emergency exits.
- Please do not tackle a fire yourself.
- If you hear the alarm, please leave the building immediately.
- Evacuate by the nearest signposted fire exit and walk to the assembly point.

- Please remain with a member of ELEXON staff and await further instructions from a Fire Warden.
- For visitors unable to use stairs, a Fire Warden will guide you to a refuge point and let the fire brigade know where you are.

When evacuating please remember

- Do not use the lifts.
- Do not re-enter the building until the all clear has been given by the Fire Warden or ground floor security.

Our team on reception is here to help you, if you have any questions, please do ask them.

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Agenda

Agenda item	Paper type	Lead
1. **Introduction, apologies and meeting objectives**	Verbal	Matt McKeon
2. **BEIS Smart Export Guarantee**	Slides	John Christopher
3. **Ofgem SCR Update**	Verbal	Anna Stacey/ Jasmine Killen
4. **DCC presentation on DCC Capacity Considerations**	Slides	Graeme Liggett/ Mark Stanford
5. **MHHS Stakeholder event update**	Verbal	Kevin Spencer
6. **Consultation Questions**	Slides	Mark De Souza-Wilson
7. **Lunch**		
8. **Transitional Approach**	Slides	Kevin Spencer
9. **Summary and Next Steps**		

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Smart Export Guarantee

The future for small-scale low-carbon generation

Presentation to Design Working Group

13 February 2019

Department for
Business, Energy
& Industrial Strategy

Smart Export Guarantee objectives

To support the transition to a cleaner, smarter and more flexible energy system our intention in this document is to consider future arrangements that would facilitate:

- **A route to market** - which supports small-scale low-carbon generation of electricity.
- **Market innovation** - Government has identified innovation as a central tenet of its Industrial Strategy.
- **Lowering of costs for consumers** - by supporting the development of the electricity system to provide consumers with affordable, low carbon electricity.
- **The transition to a smart and flexible electricity system** - by promoting the efficient use of electricity through price signals, which incentivise consumer behaviour that enables the efficient management of the grid i.e. promoting export when the grid is experiencing high demand.

Evidence gathered will inform future decisions as to whether, and how, to proceed with the Smart Export Guarantee (SEG).

SEG proposal summary

- Larger electricity suppliers (>250,000 customers) required to offer small-scale generators a price per kWh for electricity exported to the grid.

- Suppliers will be obligated to provide at least one tariff. They are free to determine the price and length of contract and offer other tariffs.

- Remuneration must be greater than zero. At times of negative pricing generators must not be required to remunerate suppliers for electricity exported to the grid.

- Electricity must be metered – for domestic installations we expect smart meters to enable this.

- Admin and monitoring duties to be carried out by Ofgem and suppliers.

SEG eligibility criteria

Eligibility criteria	SEG eligibility requirements
Technology type	AD, hydro, mCHP, onshore wind, and solar PV
Capacity limit	5MW limit
Metered export volumes	Electricity exported to the grid which has been generated by an eligible technology must be metered using a meter capable of metering HH export volumes
Installation certification	Solar, wind and mCHP installations up to and including 50kW must ensure they use MCS-certified (or equivalent scheme) equipment installed by an MCS-certified installer AD, hydro and all other technologies with installations above 50kW must as a minimum provide the same details required under the MCS certification process
Other support schemes	Installations in receipt of FIT support for the electricity generated, either for self-consumption or export to the grid, will be ineligible

SEG tariff options

Type of tariff	Design
Export metered and registered for settlement	Suppliers offer above-zero export to those who are metered and settled – might be a non-variable flat rate tariff
Simple variable tariff	Suppliers offer a simple 'variable' export tariff. Interpretation as to variability (e.g. day/night or weekday/weekend) and tariff rates would be up to the supplier. Must be metered and settled
Advanced variable tariff	Suppliers offer a 'variable' export tariff, to reflect energy system conditions on up to a HH basis. Interpretation up to supplier. Must be metered and settled
Variable tariff linked to market	As above, plus suppliers 'link' variable tariff to the market. Interpretation up to supplier but expectation is rise and fall linked to HH market (e.g. day-ahead wholesale) prices. Must be metered and settled
Variable tariff benchmarked to market	Further to the advanced variable tariff option, plus suppliers benchmark variable tariff HH market prices. Must be metered and settled

Next steps and contacts

- Consultation open until 5 March:
    - www.gov.uk/government/consultations/the-future-for-small-scale-low-carbon-generation

- How to respond:
    - Online at https://beisgovuk.citizenspace.com/clean-electricity/small-scale-low-carbon-generation-seg

    - Email to futureofsmallscalesupport@beis.gov.uk

- Any queries to William.Marks@beis.gov.uk

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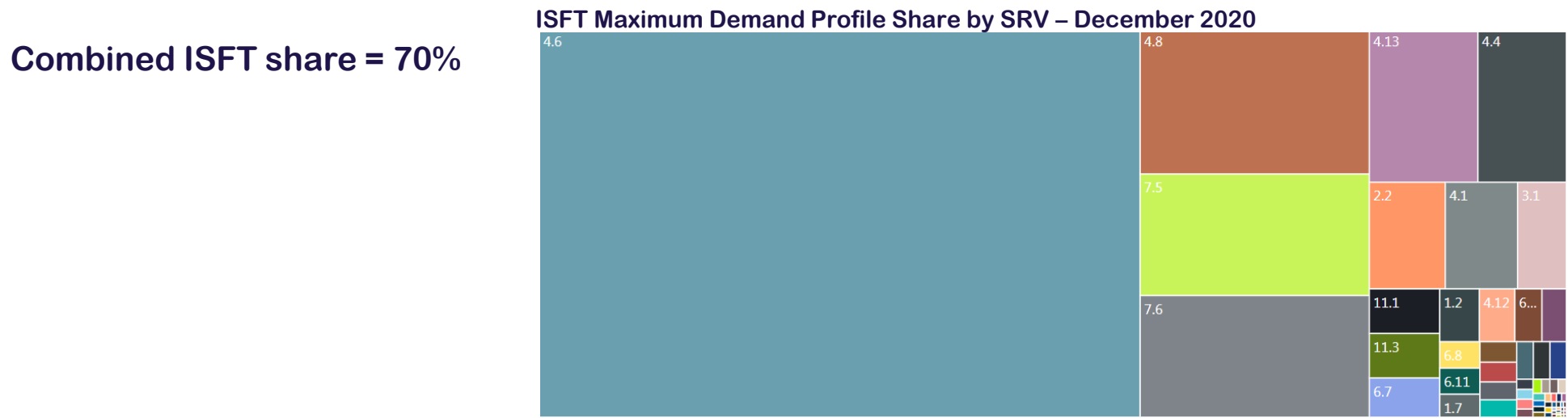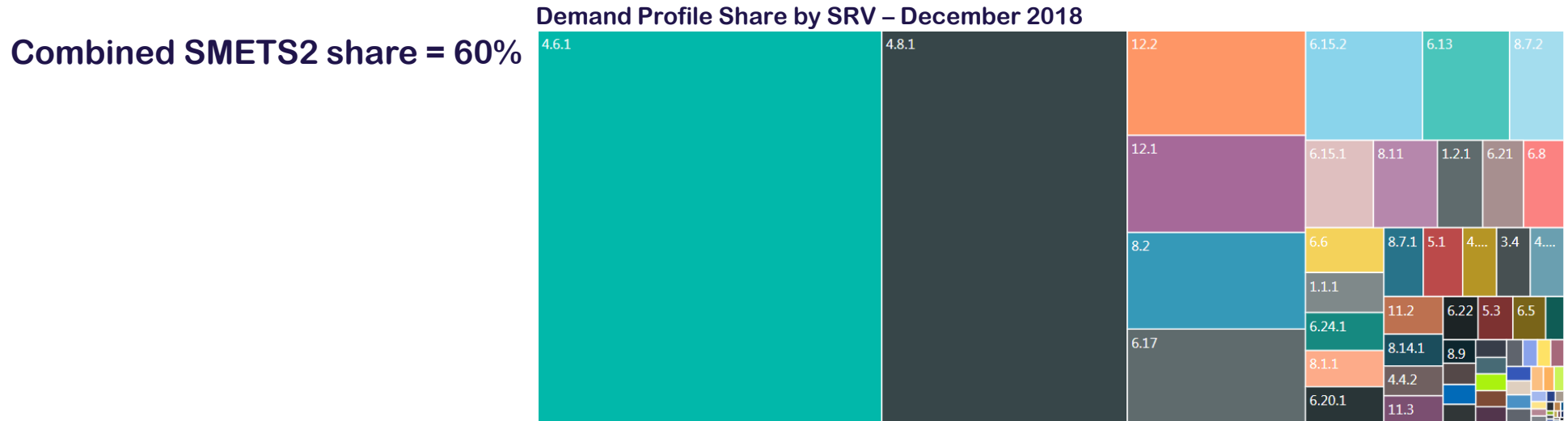# HALF HOURLY SETTLEMENTS

JANUARY 2019

CONTRACTED CAPACITY

- **Service Providers are Contracted to Scale up to Set Traffic Profiles**

- **These Traffic Profiles are Captured in the ISFT Profiles**
  - **ISFT (Invitation to Submit Final Tender) authored by DECC**

- **Service User Traffic is Currently Expected to Fall Within These Profiles**

- **ISFT Profiles Did Not Consider Demand From Third Parties for HHS Data**

- **Where HHS SRV's Add to Demand They Are a Change to the Contract**

- **Service Provider Contracts Require That They Impact Assess** *"proposed Changes in DCC business demand forecasts for the Operational Service"* **(Source: Schedule 2.1 DCC Requirements)**

Data
Communications
Company

4.6.1 and 4.8.1's Have the Greatest Impact

- 4.6.1 and 4.8.1 Largest SRV's by Forecast Number of Service Requests
- SRV Payloads Have Increased From Original Contracted Payloads

Combined SMETS2 share = 60%

Demand Profile Share by SRV – December 2018

Combined ISFT share = 70%

ISFT Maximum Demand Profile Share by SRV – December 2020

Data Communications Company

IMPACT

- **Service Users Receive Monthly Payments Based on Message Volumes**
  - **Charges are Banded to Also Reflect Payload**

- **These Charges are set out in Schedule 7.1 Charges and Payments**

- **HHS Will Incur Charges Where Message Volumes Are In Addition to Service User Message Volumes**

- **Where SRV's Called on by the HHS Service Can Also be Made Available to Users the Impact is Neutral**
  - **HSS SRV's Made Available to Other Users (Not Considered in ISFT Forecasts) Would Have a Positive Impact**

- **HHS Also Adds Additional Load to Other Messages (>10 SRV's) e.g.**
  - **1.1.1 Update Import Tariff pre HHS 3kb, max post HHS 13kb**
  - **4.11.1 Read Tariff – pre HHS 2.5kb, max post HHS 17kb**

Transition Approach Development

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SCR Stage 2 timeline

Activity	Timing
DWG's report to Ofgem on preferred TOM & requirements	End Jan 2019
DWG's consultation on preferred TOM & requirements	Feb/Mar 2019
DWG development of transition approach	Spring 2019
Ofgem's Request for Information (participant costs/impacts)	Spring 2019
DWG's consultation on transition approach	June/July 2019
BSC impact assessment on implementing/transitioning TOM	June/July 2019
DWG's final report to Ofgem	August 2019
Ofgem's Full Business Case decision	Late 2019
Code & licence changes drafted and made by Ofgem (with industry support / consultation)	~2020
Transition to TOM	~2021-2022
TOM fully effective	~2023
Run-off of previous Settlement Days	~2023+

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Quick wins (1)

- Services that can be adapted early following Code changes in 2020:

- UMSO Role to UMSO Service – Data cleanse/ ability to prepare Summary Inventories for smaller customers;

- Meter Administrator to UMSDS – ability to cope with increased volume of data;

- HHDC to ARP – new requirements for estimation flagging;

- CT Metered Customers in Profile Classes 3 and 4 can be COMC to ARP (whole current customers can choose to switch to SMETS Metering).

Data from these Services can be passed to existing SVAA via the existing HHDA role using current processes.

When TOM Implemented SP Level data can be re-directed to BSC Central Services using any new interface developed top deliver the TOM.

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Agreement of terminology

- We need a common understanding of terminology. We propose:

- **Transition** - the end to end process of getting from the current state to the Target End State for the TOM

- **Implementation** - Code Changes, System Changes, Settlement timetable and qualification?

- **Migration** – Moving Metering Systems from current Market Roles to TOM Services

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Quick Wins (2) Metering Services

Existing HHMOA and NHHMOA changes:

- Rebranding as new roles MSA and MSS;

- New entrants may wish to only undertake MSS Role

- Consideration if the new services will be qualified/ requalified as Market Roles.

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Registration Changes

Changes to MPAS (SMRS) will be required:

- to identify the new data services (SDS, ARP and UMSDS);

- New data items may be required (Categories for Load Shaping, opt-out flags)

- New interfaces with BSC Central Services, Processing and Metering Services.

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Smart Data Services

- Existing parties may wish to undertake all or some of the new Services under SDS the will need to develop new systems or adapt existing systems.

- New interfaces likely to be required; and

- Consideration if the new services will be qualified as Market Roles.

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BSC Central Services

- BSC Central Systems need to be redeveloped to:

- Provide the MDS and LSS Services

- Adapted MDD into ISD

- New interfaces required with Registration and Processing Services

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Summary
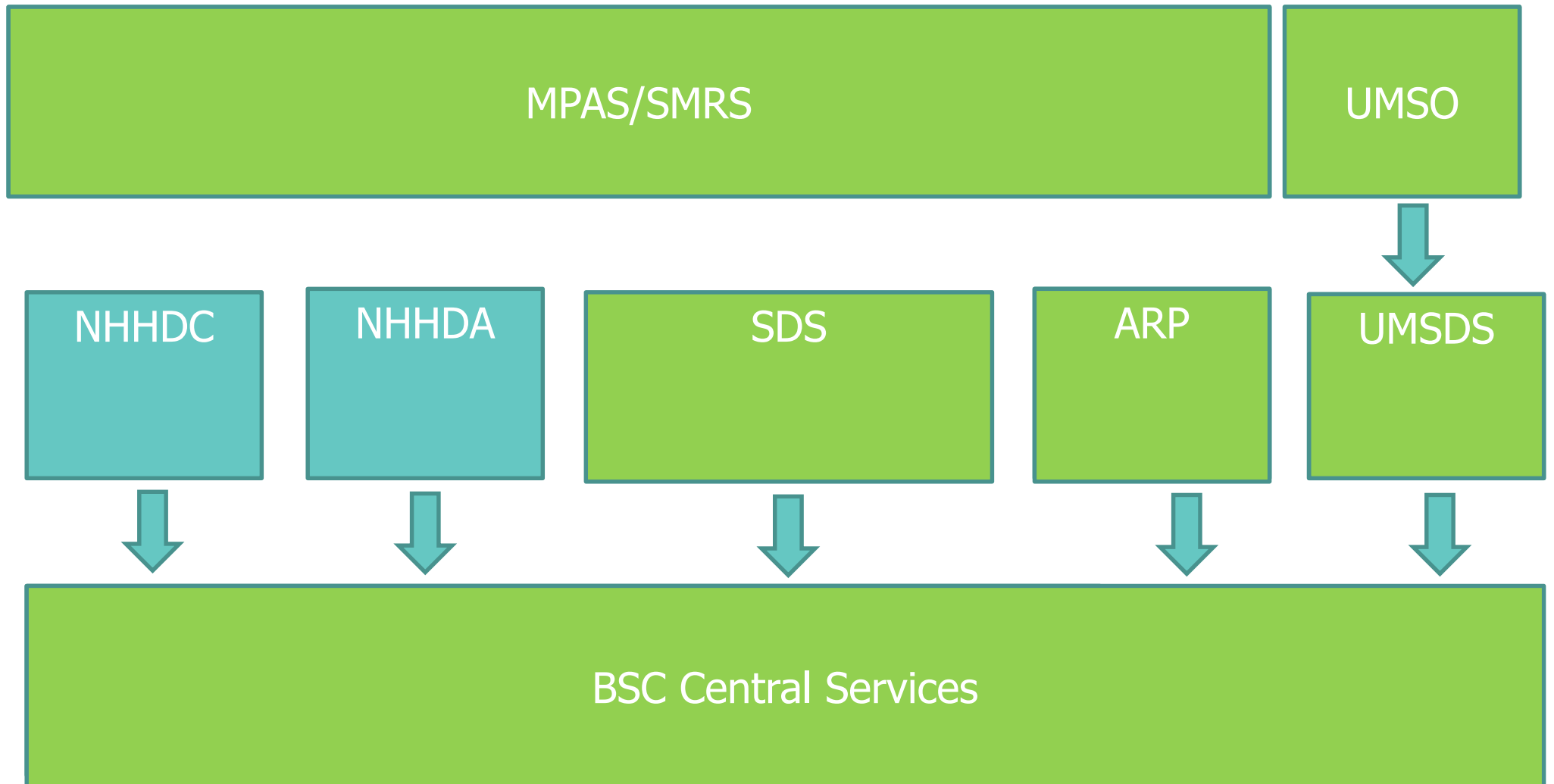
Settlement Timetable

When should the new Settlement timetable become effective?

- When all MPANs migrated to new TOM?

- Before migration so no change of timing for migrated MPANs?

- Phased in? (e.g. cut off at R3 first, then move to R2)

- Any other ideas?

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