

# HEADLINE REPORT

<b>MEETING NAME</b>	Design Working Group (DWG) – Market-wide Half Hourly Settlement SCR
<b>Meeting number</b>	16
<b>Date of meeting</b>	26 March 2019
<b>Purpose of paper</b>	Information
<b>Classification</b>	Public
<b>Synopsis</b>	Summary of the sixteenth DWG meeting and actions arising.

## 1. Introduction and Meeting Objectives

- 1.1 ELEXON introduced the sixteenth DWG meeting and set out the meeting objectives. These were to:
- Note the updated Gantt chart and the revised scope of the DWG's transition deliverable
  - Discuss responses from the DWG's consultation on its preferred Target Operating Model (TOM) for Market-wide Half Hourly Settlement (MHHS), drawing out the key messages and any new arguments
  - Agree an approach for registration, appointments and Qualification
  - Arrange work streams, formed of volunteer DWG members, to develop the transition approach for different market segments.

## 2. Updated Gantt Chart / Ofgem SCR Update

- 2.1 ELEXON advised that it has held further discussions with Ofgem about how the DWG's consultation on its transition approach (planned for June 2019) interacts with Ofgem's own Request for Information (RFI, planned originally for February/March 2018). ELEXON and Ofgem have agreed the following, with corresponding updates to the Gantt chart:
- The DWG's transition approach should focus primarily on the 'critical path' – the logical ordering of the key transition milestones / activities and their dependencies
  - The DWG's transition approach will not determine timescales, as Ofgem's RFI will seek information on these along with impacts and costs
  - The RFI is likely to be undertaken no earlier than the transition consultation – this removes the need for the separate Settlement (ELEXON) impact assessment originally included on the Gantt chart for June 2019, as ELEXON will now respond to the RFI alongside participants
- 2.2 ELEXON noted that the updated Gantt chart also includes the extra DWG meeting scheduled for 1 May 2019, to focus on the transition work.
- 2.3 ELEXON clarified that, at the DWG's request, the Performance Assurance Board (PAB) is continuing to consider the impacts of MHHS on the Performance Assurance Framework (PAF). The outputs of this will feed into the DWG meeting on 22 May 2019. ELEXON agreed to update the [Gantt chart](#) to show this.
- Action 16/01**
- 2.4 Ofgem confirmed that:
- The RFI will draw out timescales and impacts separately
  - It will publish a draft RFI for comment before issuing the RFI formally
  - It is starting to consider the implementation process that will follow its Full Business Case decision on the Significant Code Review (SCR), noting a potential need for implementation working groups

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- It currently expects to make its policy decisions, on Data Access / Privacy and on Agent Functions, soon and will also publish its Forward Work Plan shortly
- Following Chris Welby's resignation as a DWG member, Ofgem will issue a call for interested applicants in time for the next DWG meeting

2.5 DWG members reiterated the difficulties in responding to the RFI without more detail on the target architecture. ELEXON noted that it is already discussing this with Ofgem under Action 11/02.

## 3. Responses to Consultation on DWG's Preferred TOM

3.1 ELEXON presented a [summary](#) of the [responses](#) by question. The DWG focused on identifying the key messages and on whether there were any new arguments that it had not considered previously.

3.2 ELEXON and the DWG clarified the following points during the discussion:

- Moving aggregation for Settlement purposes into the BSC Central Settlement Services does not prevent aggregation occurring outside Settlement for other purposes, including in order to support Suppliers in checking their bills
- The response from the Data and Communications Company (DCC) highlights that it is preferable to pull Half Hourly (HH) data daily for all 30 million smart Meters
- A new Smart Energy Code (SEC) role will be needed so that any competitively-provided Meter Data Retrieval (MDR) Service can access data from the DCC – while this is already part of the TOM design, implementing the DCC changes for this will need to be an early transition milestone
- The MDR will not pull Time of Use data from the DCC
- If the Supplier is already accessing Settlement Period level data from the DCC then it will pass this to the Smart Data Service (SDS)
- As noted in the DWG's Risks, Assumptions, Issues and Dependencies (RAID) Log under Assumption 11, the TOM itself does not include the Settlement of 'behind the Meter' metering, as the Modification Proposal(s) to introduce this<sup>1</sup> will be implemented before MHHS – however, the TOM is not a barrier to this
- There may also be other Modification Proposals implemented between now and MHHS that the TOM will need to flex to accommodate

The DWG agreed to draw these points out clearly in its subsequent transition consultation.

3.3 The DWG discussed whether discontinuing Standard Settlement Configurations (SSCs), as proposed under the TOM, could result in all customers who choose not to have a smart Meter (or who opt-out of sharing their smart Meter data) being settled on a single, flat-rate tariff. ELEXON suggested that this could be addressed by creating specific Load Shape Categories, for example an Economy 7 Load Shape Category. ELEXON noted that, while the TOM included a set of initial minimum Categories, it did not preclude extra Categories being determined during implementation. ELEXON agreed to discuss this further with the raising DWG member outside the meeting. It also agreed to revisit this with the DWG once it has Ofgem's policy decision on Data Access / Privacy.

**Action 16/02**

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<sup>1</sup> [P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'](#) and [P379 'Enabling consumers to buy and sell electricity from/to multiple providers through Meter Splitting'](#) have already been raised in this area.

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- 3.4 The DWG noted the need to clarify the response from the Low Carbon Contracts Company (LCCC), to understand further any consequential impact of the TOM on the Electricity Market Reform (EMR) arrangements. ELEXON advised that it is arranging a meeting with LCCC to discuss this.

**Action 16/03**

- 3.5 Overall, the DWG agreed that the responses:

- Positively affirm its market segment approach to the TOM design
- Validate that the TOM captures all essential Settlement data and processes (noting the clarification about 'behind the meter' metering above)
- Confirm that, subject to respondents' views on aggregation and based on current knowledge, the TOM is not a barrier to future market innovation
- Mirror the majority / minority DWG views on the preferred TOM, with a minority of respondents in favour of an alternative TOM where Settlement aggregation of Meter data continues to be a competitively-provided service outside of central Settlement
- Highlight the importance of a managed transition to the reduced Settlement timetable that minimises Settlement risk, given current uncertainty over the smart rollout penetration, data quality under MHHS and the intended performance targets
- Affirm the DWG's view that a Trading Disputes process / window is still required
- Confirm that the DWG's proposed transition principles are appropriate, with a small change to Principle 7 from 'for a single Meter' to 'for a single Metering System ID (MSID)'<sup>2</sup>
- Raise a variety of other relevant points and suggestions for consideration when developing the transition approach

- 3.6 The DWG noted that a number of respondents had commented on areas that fall outside of its control and will be a matter for Ofgem's policy decisions, RFI and Business Case under the wider SCR. It also recognised the challenges for participants in identifying costs and benefits without knowledge of the target architecture, but noted that Ofgem had tasked it with developing an architecture-neutral TOM. The DWG agreed that the TOM, as designed, can work with any architecture and any Settlement timetable.

- 3.7 ELEXON agreed to publish a Newscast / website article thanking respondents and highlighting the key messages that the DWG has taken from the consultation, as set out above.

**Action 16/04**

- 3.8 **Decision:** Nothing in the responses requires fundamental changes to the TOM design but the DWG recognised the challenges of addressing the questions on architecture, Settlement timetable and aggregation.

## 4. Registration, Appointments and Qualification: Pros and Cons of Different Options

- 4.1 The DWG discussed at length the [pros and cons](#) around different options for managing registration, appointments and Qualification.

- 4.2 The DWG agreed by majority that the Registration System should hold the identity of both the Metering Services and Data Services as follows:

- Metering Service (Smart)
- Metering Service (Advanced)

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<sup>2</sup> The original wording was 'During transition, there shall not be dual processes operating at the same time for a single Meter on the same Settlement Day'. However, a respondent highlighted that that is not necessarily a one-to-one mapping of Meters to MSIDs.

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- Smart Data Service
  - Advanced Data Service
  - Unmetered Supplies Data Service
- 4.3 This was largely due to the need for transparency in Change of Supplier and Supplier of Last Resort events. A majority of DWG members agreed that using the Registration System:
- Is the most practical way forward for handling the transition, as it is the least-change option (representing a mix of the 'old' and 'new' worlds)
  - Facilitates participants' ability to respond to Ofgem's RFI, as it represents something they recognise rather than a completely new process or architecture
  - Enables a shorter, less risky, transition than moving to a different arrangement that requires different architecture to be in place
  - Ties in with the approach being taken for Faster Switching
- 4.4 The DWG discussed whether this approach closed down the opportunities that new architecture could create, and therefore whether it was possible to make a decision without knowing the target architecture. In the end, it agreed by majority that using the Registration System was the most pragmatic way forward for now – but that once in the Target End State, new architecture possibilities may give more opportunities for innovation at that point. A DWG member did not agree that a decision could be made without more detail on the architecture. However, they agreed that, given the majority view of the group, they were happy to progress this as a pragmatic way forward.
- 4.5 This decision left open the option to use the Registration System as the 'single point of truth' for all data relating to a metering point. The DWG agreed that, with Faster Switching, it would be more efficient if the Registration System notifies appointments to the Data Services. It agreed that there should be a notification and response, and that the Balance Responsible Party would send the appointment to the Registration System.
- 4.6 The DWG discussed whether the current approach to Qualification of Services to Market Roles was still appropriate, with an alternative option being that the Supplier or a third party provides this assurance. The DWG agreed that there were assurance benefits to the market of retaining the current independent Qualification approach.

## 5. Transition Approach: Pre-Planning

- 5.1 ELEXON [recapped](#) the initial approach to transition agreed previously by the DWG, noting the addition of the term 'Adoption' to the transition terminology.
- 5.2 ELEXON asked DWG members to put themselves forward for the following work streams that map to the three Market Segments in the TOM:
- Smart & Non-Smart Segment (including Smart Metering Service)
  - Advanced Segment (including Advanced Metering Service)
  - Unmetered Segment
- 5.3 The work streams are to develop the transition approach for their segment between DWG meetings 16 and 17. DWG17 will review the work and identify any cross-segment dependencies and milestones, in order to identify the overall critical path for transition.

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- 5.4 ELEXON clarified that the fourth work stream identified on the slides ('Integration') will be undertaken by the whole DWG. This will include the transition approach for reducing the Settlement timetable. The DWG reiterated the difficulty of agreeing this without knowing whether the progress of the smart Meter rollout and associated data quality will be sufficient. ELEXON suggested that the DWG could consider:
- Whether reducing the Settlement timetable is dependent on completion of all other transition activities
  - What conditions, for example on smart rollout penetration and data quality, might need to be met before the Settlement timetable could be reduced (and what analysis might be needed during the transition phase to determine if these conditions are met)
  - Whether there should be one single move, or more than one phased moves, to the new Settlement timetable
  - Whether different performance targets should be applied during the transition and end states
- 5.5 The following DWG members volunteered for the work streams:

Workstream	ELEXON lead	Members	Ofgem rep
Smart & Non-Smart Segment (including Smart Metering Service)	Mark De Souza-Wilson	Dom Bradbury James Murphy Paul Saker Seth Chapman Simon Harrison	Jasmine Killen Saskia Barker
Advanced Segment (including Advanced Metering Service)	Matt McKeon	Derek Weaving James Murphy Tom Chevalier	Jasmine Killen
Unmetered Segment	Kevin Spencer	Tom Chevalier	Saskia Barker

- 5.6 ELEXON noted that, while it could develop the Unmetered Segment approach with the single volunteer, it might need to contact other Supplier or Distributor members if it needs their assistance.
- 5.7 ELEXON noted that the DWG's original RAID log deliberately focused only on the TOM design. It asked if a separate RAID log was required for transition. The DWG agreed. ELEXON suggested that each work stream should identify the RAID relating to its own segment, so that the DWG could then draw these together into a single transition RAID log.

## 6. DCC Scenarios: LDSO Smart Data Collection Activities

- 6.1 ELEXON asked the DWG to confirm which of its two identified [scenarios](#) the DCC should use when responding to Ofgem's RFI.
- 6.2 The DWG agreed that, given the DCC's consultation response, Scenario 2 (Daily Reads) is optimal. The scenario should identify that Licensed Distributor System Operators (LDSOs) are also seeking to obtain data from the smart Meter. The DWG agreed that the DCC should assume that where the Supplier is sourcing the Half Hourly data the Supplier will provide this to Settlement, so as not to count this twice in the scenario.

## 7. DWG15 Headline Report and Latest Actions Log

- 7.1 The DWG agreed the [Headline Report](#) and updated actions log from the last meeting.

## 8. Summary and Next Steps

- 8.1 The next DWG meeting will be on Wednesday 1 May 2019 to discuss the outputs of the transition work streams.

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## ACTIONS UPDATE

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### Actions on ELEXON:

11/03 – ELEXON to establish the baseline of DCC read capability – Closed – ELEXON and Ofgem met with the DCC on 25 September and 15 November 2018. The DCC presented at DWG15 and ELEXON and Ofgem met with the DCC again on 7 March 2019. See also item 6 above. ELEXON will establish the capability through the DCC's response to Ofgem's RFI.

12/01 – ELEXON to establish with Ofgem who the relevant policy makers are regarding the security implications of a single HH data hub, arrange the necessary discussions and consider speaking to the Information Commissioner and the SEC's Security Sub-committee to establish the right contacts – Open – ELEXON is organising a meeting with Ofgem to discuss further.

15/01 – DCC to check whether LDSOs have already agreed interest in obtaining HH data and if this has been factored into capacity assumptions – Closed – The DCC has already included the LDSO projections in its assumptions. See item 6 above.

15/02 – ELEXON to update the consultation questions with the comments from DWG15 and publish the consultation – Closed – ELEXON issued the consultation on 18 February 2019 following Ofgem's publication of the TOM report on 15 February.

15/03 – ELEXON to set out the pros and cons of different options for Registration, Appointments and Qualification, and bring these to DWG16 – Closed – See item 5 above.

16/01 – ELEXON to update the Gantt chart to show the PAB's MHHS PAF outputs feeding into DWG18 – Closed – Completed and [published](#) on ELEXON's website.

16/02 – ELEXON to discuss further with Paul Saker / Andy Jones whether creating additional Load Shape Categories (e.g. Economy 7) would resolve the tariff concerns created by removing Standard Settlement Configurations. ELEXON to revisit this with the DWG once it has Ofgem's policy decision on Data Access / Privacy – Open.

16/03 – ELEXON to meet with LCCC about its consultation response, to understand further any consequential impact of the TOM on the Electricity Market Reform (EMR) arrangements – Open.

16/04 - ELEXON to publish a Newscast / website article thanking TOM consultation respondents and highlighting the key messages that the DWG has taken from the consultation, as set out under item 3 above - Open.

### Actions on other members:

11/02 – Ofgem and ELEXON to discuss what further guidance the RFI may need to include on architecture and service provision – Open – ELEXON and Ofgem met on 11 October 2018 and ELEXON is organising another meeting to discuss further.