Public

Design Working Group

Meeting 19

17 July 2019
ELEXON

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.

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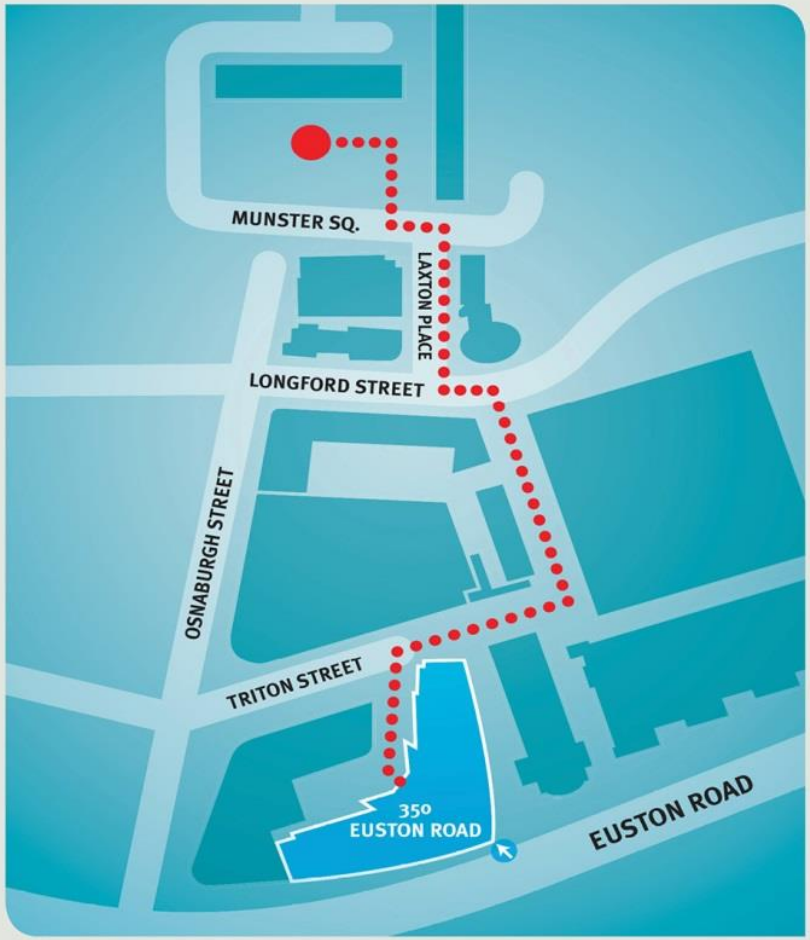


Agenda

Agenda item	Paper no.	Lead
1. Introduction, apologies and meeting objectives	Verbal	Kathryn Coffin
2. Smart Export Guarantee update	Verbal	Will Marks
3. Ofgem SCR update	Verbal / Gantt chart	Jasmine Killen
4. Summary of consultation responses	Public consultation responses / Slides to be provided at meeting	Mark De Souza-Wilson
5. Agree key messages following consultation	Verbal	All
6. Agree final transition approach and any 'quick wins'	Verbal	All
7. Structure of final Stage 2 report	Slides to be provided at meeting	Kevin Spencer
8. DWG18 Headline Report and Actions	Headline Report Actions log	Kathryn Coffin
9. Summary and next steps	Verbal	Kathryn Coffin

Smart Export Guarantee update

Will Marks

Smart Export Guarantee (SEG)

The future for small-scale low-carbon generation

Elexon – Design Working Group
17 July 2019

Will Marks, BEIS

Department for Business, Energy & Industrial Strategy

Attendees

Department for Business, Energy & Industrial Strategy

Clean Electricity Directorate, BEIS

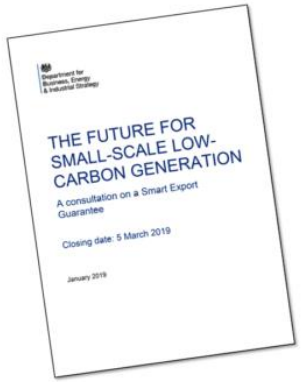
- Will Marks — Policy Lead, Smart Export Guarantee

  Email – william.marks@beis.gov.uk

INDUSTRIAL STRATEGY

Topic 1 How we ended up with the SEG?

18 July 2018 - Call for Evidence Issued



8 January 2019 - Consultation Part A

29 April 2019 - Technical Consultation

10 June 2019 - Legislation / Response

Topic 1 The Smart Export Guarantee/SEG

Homes to be paid for export of electricity to the grid

By Hasan Chowdhury

HOMES and businesses that pro electricity to the grid will be gua teed payments from suppliers u new laws introduced this week.

Small-scale electricity genera which install solar, wind or other of renewable energy generation a pacity of up to 5mW, will be ensu payment for each unit of elec they sell to the grid under the sm port guarantee.

The legislation will put a leg gation on energy suppliers wi 150,000 customers to introduce tariffs by January 1 and is par government's bid to make the zero emissions country.

According to Chris Skidm energy and clean growth mini

new laws can encourage furth scale electricity generation. ture of energy is local and smart export guarantee wi households that choose t green energy generators wil anteed a payment for elect

Solar panels to net homes tidy little sun

BY **NIGEL NELSON**
Political Editor

HOMEOWNERS with solar panels will soon get a guaranteed income from their extra electricity.

From tomorrow laws will let families make about £80 a year selling excess power to the grid.

Hom flog it a have m

Energ more custome to start b by the en

Energy Skidmore aging to se offering co

UK homes to b paid for unuse 'green' energy

SUSANNA TWIDALE

BRITAIN will launch a new scheme to pay households producing energy from renewable s solar panels, for th tricity, the governm esterday.

Around 800,000 ave solar panels cheme will repla stem which ende The new smart ll en

duce by their energy sup sets the prices offered.

"If households with pan teries can store electricit back to the grid when it is nigh homes

Payments for excess green energy

PEOPLE who fit solar panels to their homes will be guaranteed cash when they sell their excess power to the grid, under a law introduced this week.

The Government wants people to harness wind and other f carbon-free ener smart meters wil much energy is s grid and they wi for every unit g The announc

By **David Williamson**

on the heels of Labour pla to install solar panels on 1.75 million homes.

Energy and Clean Grow Minister Chris Skidmore said: "The new smart exp

ket to innovate and it's tariffs are game-changing it comes to harnessing

New rules give households right to sell solar power back to energy firms

Government also wants to encourage people with rooftop panels to install batteries

During one peak period, solar supplied a quarter of the UK's electricity. Photograph: David Pearson/Alamy

Britain's biggest energy companies will have to buy renewable energy from their own customers under new laws to be introduced this week.

Homeowners who install new rooftop solar panels from 1 January 2020 will

'It's encouraging to see some suppliers already offering competitive export tariffs to reduce bills'

New rules let homeowners sell solar to energy firms

Jillian Ambrose

Britain's biggest energy companies

panels to install batteries.

Greg Jackson, the founder of Octopus Energy, said: "These smart tariffs are game-changing

OK to sell solar from your home

by **Nigel Nelson**
POLITICAL EDITOR

HOUSEHOLDERS with olar panels will be able to nake money on their excess lectricity from tomorrow.

People can make £80 a ar by selling surplus wer to their energy plier, under new laws.

nergy Minister Chris more

UK Government's Smart Export Guarantee to stabilise small-scale renewables market

10 June 2019, source edie newsroom

The Government's replacement initiative for the Feed-in Tariff (FiTs) scheme for residential and business-owned solar has been introduced today (10 June), ensuring that users will be paid for electricity they send to the grid.

The great energy buy-back

Britain's energy providers will have to buy renewable energy from their own customers under new laws coming into force later this week.

The Government scheme will allow homeowners who install rooftop solar panels from January 2020 to sell their excess power back to their energy supplier. A previous subsidy system was scrapped in April.

IAN FORSYTH/GETTY

PAY SURGE IN THE SUN

HOMEOWNERS with solar panels could be guaranteed hundreds of pounds a year by selling excess electricity.

Payments will be made to encourage households and businesses to generate their own power for the grid.

Suppliers will bid for electricity which will allow homeowners to get the best price under laws introduced tomorrow.

The Smart Export Guarantee comes head of a government announcement xpected next week on a net target of ero emissions by 2050.

Greg Jackson, of supplier Octopus nergy, said: "This will help own prices for eaper power

ctical . . . Johnson

it to his belts to Andy Ruiz last weekend.

Topic 1 Smart Export Guarantee? What?

- On 10 June, government introduced the SEG to give small-scale low-carbon electricity generators the right to be paid for electricity exported to the grid.
- Legislation has been laid and will come into force from 1 January 2020.

Key Facts and Figures:

- Electricity suppliers (with 150,000 customers or more) required to offer small-scale low-carbon generators a price per kWh for exported electricity by 2020.
- Remuneration available to solar PV, wind, anaerobic digestion, and hydro up to 5MW in capacity, and micro-combined heat and power, up to 50kW.
- Mandated suppliers must provide at least one SEG compliant tariff. They are free to determine price/length of contract but must always be above zero.
- Export must be metered (by meter capable of HH readings) and registered for settlement. Installations must be certified to MCS or comparable standard.

Topic 1 Eligible Technologies under SEG

- SEG entitlement available to solar PV, onshore wind, mCHP, AD and hydro.

Topic 2 How does the SEG work in reality?

Key – Rather than explicitly incentivising deployment, using the SEG as a central element to transition to the smarter and more flexible future energy system.



Small generators (up to 5MW)

- Install generating equipment (solar, wind, AD, etc)
- Must demonstrate that their installation meets safety / sustainability standards
- Must have a meter measuring what they export
- Cannot be receiving FIT export

Shop around for the best export tariffs

Have to offer at least one export tariff

Most electricity suppliers

- Have to offer to buy exported low-carbon power if eligible install
- Have to pay a rate above zero – but the rest of the details (rates, contract lengths…) are up to them
- Have to actually measure & pay for the exported power – unlike FITs, can't be based on estimates

Topic 3 Change in approach with the SEG

- Cross-BEIS policy development designed with interaction/flexibility from start.
- Move away from subsidy to market-led deployment and smarter energy grid.

Key changes in approach with the SEG:

- **Bringing in a market** – where there used to be flat-rate subsidies under the previous Feed-in Tariffs scheme, SEG is market-led. Costs will not be levied on consumers in the same way – suppliers account for costs in tariffs.

- **Less intervention from BEIS** – given we are no longer subsidising small-scale low-carbon generation, we are moving away from dictating specific types of tariff etc. E.g. legislating in creative ways to ensure safety/storage.

- **A need for real time data** – As renewables and low-carbon generation move from a niche area to a major market player, estimates and approximates won't do – system will need to know what is generated, when and where.

Topic 3 Interactions with Smart & Storage

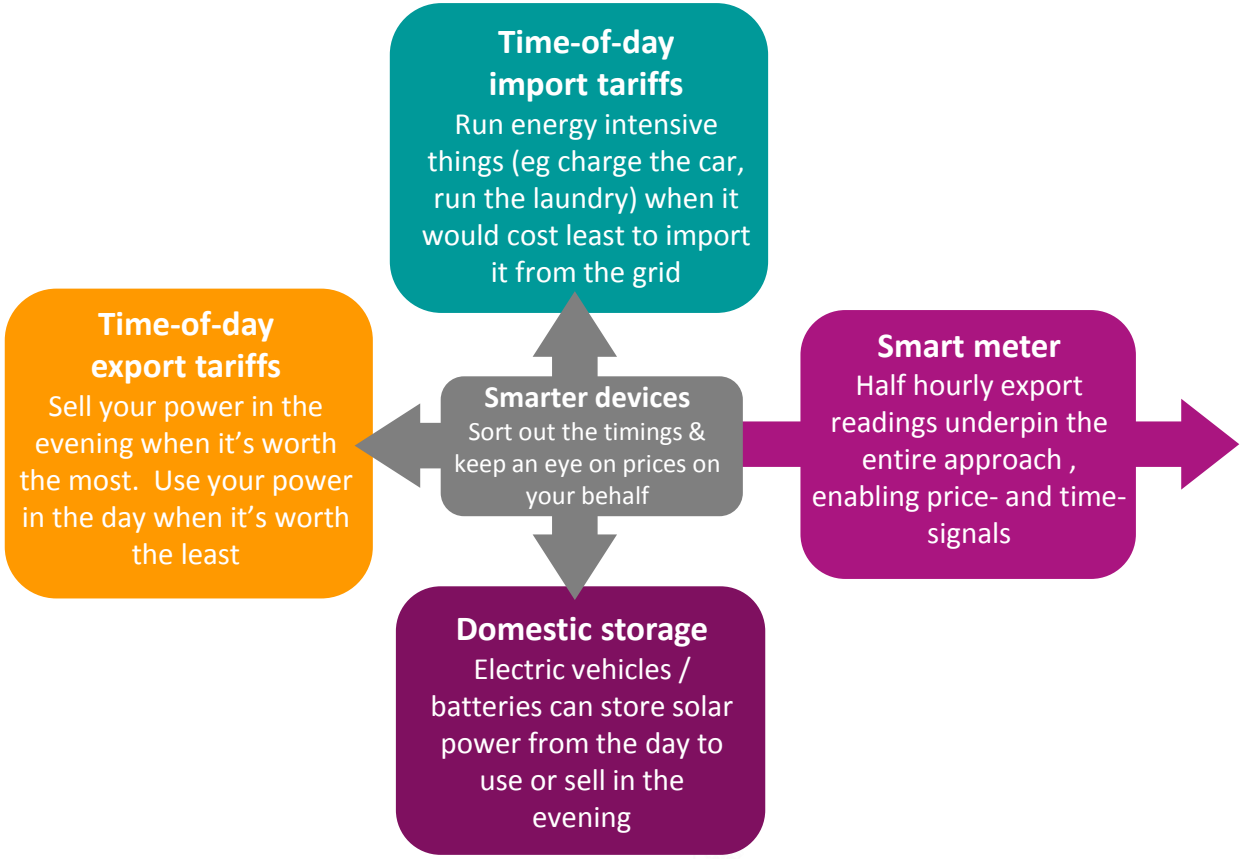
- Integration of policy thinking across BEIS – Smart and storage + systems.
- Seeing SEG within future framework – EVs, smart meters, time of use etc.

Encouraging Smart Exporting

- Want generators to export when the system needs power.

- Want to reward those who help the system to balance.

- SEG is designed to be full of flexibility, so suppliers can try different approaches.



Smart Export Guarantee (SEG)

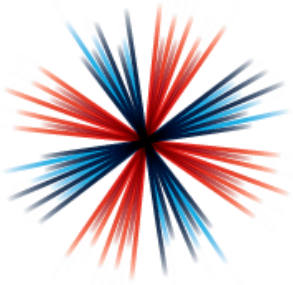
Elexon – Design Working Group

17July 2019

Any questions?

Contact:

Will Marks – william.marks@beis.gov.uk



INDUSTRIAL STRATEGY

Ofgem Update

Jasmine Killen

Ofgem SCR update

- **Decision on Agent Functions** - MHHS should not include centralisation of agent functions, and that there may be a case for future models where data is not aggregated for submission into central settlement systems.

- **Response to Outline Business Case**

- **Decision for access to half-hourly data for settlement purposes** – Domestic will be on an opt-out basis and microbusinesses will move to mandatory. Will have a review date to ensure our decision is appropriate. Ruled out pursing either of the enhanced privacy options.

- **Summary of Responses to Consumer Impacts Call for Evidence**

- **Draft request for information** – seek comment on content and clarity by 24th July.

- **Paper – Future Enabling the TOM** - seek input at any time, but preference by 16th August.

DWG 19

MHHS TOM Transition

Collated responses

17 July 2019

Mark De Souza-Wilson

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MHHS TOM Transition: Consultation Responses

- **Ofgem SCR / MHHS Programme considerations**
  - MHHS implementation process/plan following FBC
  - Customer experience/education
  - Architecture
  - Commercials and contracts

- **Passed to PAB and/or TDC as appropriate**
  - Performance Targets and Disputes Process

- **Detailed solution development for future industry group/s**
  - Rationalising data items, Exception reporting, Interfaces to Data Service, Registration, GCF, scaling weights, Elective HH improvements, Settlement of Export, 'run-off' arrangements

- **DWG considerations for Stage 2**
  - Any themes not captured by the above

MHHS TOM Transition: Consultation Responses

Question 1: Do you agree with the DWG's proposed mapping for Metering System types to Market Segments?			
Yes	No	Neutral/Other	Not Answered
16	0	3	6

Key Themes

- Clarification on edge cases eg. Domestic CT, related meters, behind-the-meter, multiple suppliers and Export under the future arrangements.
- May be merit in sub dividing MCs that cover domestic and non-domestic smart meters.
- Could run the TOM earlier using default profiles (profiling), whilst data for load shaping is collected.
- Consumers could change their metering to avoid capacity charging.
- DNO costs to moving Measurement Class may outweigh any benefits.

MHHS TOM Transition: Consultation Responses

Question 2: Do you believe it is feasible to use the elective HHS process to migrate significant numbers of MPANs to HHS as an interim step in the transition process?			
Yes	No	Neutral/Other	Not Answered
9	9	4	3

Key Themes

- No benefit in migrating to elective then migrating again, as brings costs and complexities.
- Technically feasible but not supported by all Suppliers, based on HHDC processing rules.
- Value of developing Elective process depends on when the MHHS TOM is implemented.
- Elective can deliver modest benefits in the shorter term; processes should be improved.

MHHS TOM Transition: Consultation Responses

Question 3: Do you agree with the PAF Assumptions and Principles and that all the potential impacts on the PAF have been identified?			
Yes	No	Neutral/Other	Not Answered
13	6	3	3

Key Themes

- Performance measures should be targeted at organisations responsible for resolving errors.
- Performance measures currently don't allow time for issues to be resolved.
- Need to consider industry payment schedules which are linked to settlement runs.
- New/changed performance serials need to be clearly understood upfront.
- Need tight definition of what can be considered 'outside a supplier's control'.
- Settlement run timing should consider other defined processes e.g. DCC fault resolution.
- Pre-requisite should require proportion of Smart-SP

MHHS TOM Transition: Consultation Responses

Question 4: Do you agree with the phased approaches proposed for BSC and Registration Systems?			
Yes	No	Neutral/Other	Not Answered
14	2	5	4

Key Themes

- Phased approach should benefit industry parties through lower cost.
- Need to consider timescales and interaction with Faster Switching.
- Parties may choose to delay qualification until later in the transition period.
- Should clarify what the MDS is and what it is not ie. MDS performs aggregation for settlement but also facilitates data access for flexibility aggregators etc.

MHHS TOM Transition: Consultation Responses

Question 5: Do you agree with the phased approach proposed for the Smart and Non-smart Market Segment?			
Yes	No	Neutral/Other	Not Answered
17	1	3	4

Key Themes

- MSS should have a DUIS role created so that it can function independently of supplier
- PSS should be a qualified role so that it can be subject to BSC monitoring/auditing.
- PAF should account for a drop in NHH performance as MPANs are migrated to SDS.
- Phased approach creates problems where MPANs revert to legacy NHH arrangements.
- Need clear lines of responsibility to ensure volume is not double-counted across sectors.

MHHS TOM Transition: Consultation Responses

Question 6: Do you agree with the phased approach proposed for the Advanced Market Segment?			
Yes	No	Neutral/Other	Not Answered
16	2	2	5

Key Themes

- Should qualify ADS before any migration so that HHDA doesn't need to be upgraded to handle higher volumes of data.
- Advanced meters are first being upgraded to HH under current process, then moved to the TOM. Need to avoid issues as with P272.
- Need to consider customer-appointed agents.
- Incorrect assumption: non-domestic customers have a choice of metering and many WC sites will continue with advanced meters on an enduring basis.
- Shouldn't encourage Advanced WC to change to smart meters.

MHHS TOM Transition: Consultation Responses

Question 7: Do you agree with the phased approach proposed for the Unmetered Market Segment?			
Yes	No	Neutral/Other	Not Answered
14	3	2	6

Key Themes

- Should qualify new services before mass migration to avoid investment in temporary systems - e.g. shouldn't modify HHDC to use Wh.
- Need to consider how to treat NHH customers with small EACs.
- NHH vs. HH UMS not based on a threshold; a handful of NHH UMS customers are very large.
- Transition might coincide with a ramping up of UMS end points (lamp post charging).
- Need to account for customer involvement in the process.

MHHS TOM Transition: Consultation Responses

Question 8: Do you agree that the critical path captures all the key activities and dependencies?			
Yes	No	Neutral/Other	Not Answered
9	8	4	4

Key Themes

- Would be helpful to describe how transition would be governed or orchestrated.
- Need to account for impacts of qualification, data cleanse, migration timeframes, credit cover, forecasting, significant CoMCs, SEC accession, DCC activities and other industry changes.
- Need entry/exit requirements for each phase, data to support shortened settlement timetable, plan for moving the standing data.
- Request explanation for "end-dating of LLFC Ids relating to DUoS tariffs in MDD".
- Architecture is a key dependency but is not included.

MHHS TOM Transition: Consultation Responses

Question 9: Do you agree with the DWG's proposed approach for transitioning to the revised Settlement Timetable?			
Yes	No	Neutral/Other	Not Answered
14	2	5	4

Key Themes

- Should consult when the market has mostly moved to HH settlement; too early to decide now because smart meter penetration/distribution is not understood.
- Need changes far in advance; many business process are linked to the settlement timetable.
- Need an idea of when transition to new settlement timetable will be triggered because LCCC have a full schedule of system changes and a 12+month lead time.
- Decision to reduce settlement timetable should be taken nearer the time based on market monitoring and clearly defined trigger points.
- Settlement timescales will create a billing risk for suppliers.

MHHS TOM Transition: Consultation Responses

Question 10: Do you agree that the DWG's proposed Dispute Timetable and approach to materiality strikes an appropriate balance between shortening timescales and correcting material Settlement errors?

Yes	No	Neutral/Other	Not Answered
13	2	3	7

Key Themes

- DF run can potentially be brought earlier, in time, following continual review.
- Need to review RF performance to assess the details of the dispute materiality thresholds.
- Consider mechanism for parties to recover mis-settled energy outside the disputes process.
- Shorter settlement timetable means more disputes and this needs to be costed.
- Materiality threshold should be low enough to settle legitimate disputes, otherwise there will be inaccurate settlement and more costs to suppliers.
- Materiality thresholds need to be reviewed.

MHHS TOM Transition: Consultation Responses

Question 11: Do you agree that the DWG's proposed transition approach aligns with the nine High Level Transition Principles set out for the transition approach?

Yes	No	Neutral/Other	Not Answered
19	1	2	3

Key Themes

- During transition need checkpoints to monitor progress against principles.
- Avoid temporary arrangements being introduced for transition, increasing costs.
- Not enough detail regarding suppliers reverting to NHH arrangements or customers switching supplier during the transition period.
- Should consider impact on end consumers/bills.

MHHS TOM Transition: Consultation Responses

Question 12: Do you have any other comments?

- Transition approach is too high level to inform an accurate cost estimate in Ofgem's RfI.
- Areas for discussion: GCF, align implementation with TCR, switching supplier when suppliers at different stage of transition, Ofgem support for industry engagement of consumers.
- There will be extra work for DNO relating to customer-provided UMS information.
- Need to handle transition carefully to ensure it is smooth and no unnecessary or excessive costs are incurred.
- Should cover run off arrangement and how this affects different parties eg. data aggregators.

Structure of Stage 2 Final Report

Kevin Spencer

ELEXON

Stage 2 Final Report – Main Document

- Executive Summary
- Introduction
- Ofgem Policy Decisions, Request for Information and Full Business Case
- DWG's preferred Target Operating Model (Overview with Links to January Report)
- DWG Consultation on the preferred TOM (Summary)
- Transition Approach Development (Overview)
- DWG Consultation on Transition Approach (Summary)
- Performance Assurance Approach under the TOM and During Transition
- DWG Recommendations on the Settlement Timetable and Transition
- Quick Wins and Areas for Further Consideration
- Next Steps

Stage 2 Final Report - Appendices

- Appendix A – Summary of responses to TOM Consultation
- Appendix B – DWG Transition Approach
- Appendix C – Summary of responses to Transition Approach Consultation
- Appendix D – Glossary of Terms