

CONSULTATION ON THE DWG'S TARGET OPERATING MODEL FOR MARKET-WIDE HALF HOURLY SETTLEMENT

CONSULTATION RESPONSE TEMPLATE

Respondent Information		
Name of Respondent	Alexandra Pourcelot	
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Type of Company	Supplier Agent and Shared Services service provider	
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Confidential Y/N	<i>No</i>	

Please email your response to dwgsecretary@elexon.co.uk by 5pm on Friday 15 March 2019, using the subject line 'DWG TOM consultation response'.

Please use this Word response form where possible, to make it easier for the DWG to identify and summarise views. To help the DWG understand your response, please provide supporting reasons for your answers.

Please mark clearly if any aspect of your response is confidential. Any information marked as confidential will not be published by ELEXON or considered by the DWG, but will be shared with Ofgem. We encourage you to provide non-confidential responses where possible to inform the DWG's discussions.

Who can I contact with any questions?

ELEXON's MHHS team will be happy to help. Please email them at dwgsecretary@elexon.co.uk.

How do I link the consultation questions to the report content?

The basis for this consultation is the DWG's report to Ofgem on its recommended TOM.

Below we show which sections of the DWG's report contain the information relevant to each consultation question.

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Question 1

Do you agree with the DWG's recommended TOM as a basis for delivering Market-wide Half Hourly Settlement? *Please list any elements that should be changed or improved.*

Relevant report sections: Executive Summary, Introduction, Section 2 'Scope, design approach and the future role of the Supplier', Section 5 'Overview of the DWG recommended TOM', Section 6 'Service Overview (Summary Guide)', Attachment A 'Detailed TOM Service and Data requirements'

Answer: No

We are opposed to Data aggregation being under the BSC Central Settlement services.

We have voiced our concerns about this previously. DA functions, delivered by independent and competitive agents, ensure that a critical service is available to Suppliers. It provides an additional validation check on settlement data and bills issued. It must remain independent from Central Systems.

We are also concerned by Elexon's lack of distance with the DWG as the organisation stands to benefit financially from the chosen TOM. It makes it very difficult to look at the TOM's recommendation as objective.



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Question 2 Do you agree that the DWG has identified the correct TOM, taking into account Ofgem's 'least-regrets' policy steers?

Relevant report sections: Section 1 'The Vision', Section 3 'TOM Design Principles and Strategic Objectives', Section 4 'Ofgem policy development', Attachment B 'DWG's development of the TOM'

Answer: No

The first outcome in the Vision section 1 is to "promote an electricity system that delivers the Government and Ofgem's objectives **in a cost-effective manner**, minimising the overall cost to current and future consumers of moving to a low-carbon electricity system while maintaining security of supply and system efficiency. "

There are 6 organisations who are currently operating as HHDAs using 9 MPIDS. Supplier agent competition has ensured that the prices have reduced dramatically.

According to Attachment A – Detailed TOM Service and Data requirements, the role of the MDS is extremely similar to the actual Data Aggregation role; yet the plan is to stop using those systems and Agents and develop, at a cost to the entire Industry (cost of job loss and hardware/software obsolescence for Supplier Agents and cost to the Suppliers, therefore to the customers), a centralised Market Wide Data Service (MDS).

We also disagree with the opinion expressed in the Attachment B TOM Development by some DWG members who "clarified that removing the need for separate aggregation of Settlement data would not prevent other entities offering non-Settlement, value-added data aggregation services – subject to appropriate access/privacy rules outside of the TOM;"

It might be feasible for the current HH market and for some Small business and Industry customers but given the issue of access to data, it would be close to impossible within the domestic market. Aggregation is only meaningful if all the relevant sites are included, for value added service. This argument is nonsensical and it does not change the fact that the Suppliers will lose a level of independence from the Central Systems for bill checking.

We struggle to see MDR as a viable independent role from BRP. We understand that it is this way in the TOM to ensure flexibility of design and operation. It is unlikely for a company to invest in developing a MDR service when Suppliers have already (at great cost) either developed an in house DCC interface or outsourced to a third party. The MDR role would require accession to the SEC and a new SEC party created. It would not make sense for a subset of the service to be offered by MDR when the BRP would have the capability to request all relevant Service Requests that MDR would and more.

The MRS is responsible for obtaining register read for non-smart meters and there is mention of the possibility to do that using remote communications where they are available. Could you please clarify the circumstances where a non-smart meter would have remote communications but not be part of the Advanced metering category?

Question 3 Do you agree that the TOM captures all essential Settlement processes?

Yes

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Please provide your reasons here

Question 4 Do you agree that the DWG has identified all the required data to be processed by the three Data Services (Smart Data Service, Advanced Data Service and Unmetered Supplies Data Service)?

Relevant report sections: Section 6 'Service Overview (Summary Guide)', Attachment A 'Detailed TOM Service and Data requirements'

Answer: Yes

Please provide your reasons here

Question 5 Do you agree that the TOM does not hinder new market entrants, technologies and innovations?

Relevant report sections: Introduction, Section 2 'Scope, design approach and the future role of the Supplier', Section 5 'Overview of the DWG recommended TOM', Section 6 'Service Overview (Summary Guide)'

Answer: No

The Centralised MDS is seen as a source of innovation and support of future market requirements. We have highlighted in previous consultations that the Central Systems have not been a source of innovation since market start up.

Question 6 Do you agree that the DWG's reduced Settlement Timetable is appropriate and achievable in the Target End State? Please identify any constraints that you believe are relevant.

Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM'

Answer: Yes

We are totally supportive of the reduced Settlement Timetable. We respond in more details on the actual planned timescales in question 8.

The 2 main constraints to achieving the reduced Settlement Timetable in the Target End State are the proportion of legacy meters that remain at the time and (by far the biggest constraint) the ability of the DCC to handle the

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increased volume of data communication with meters. Until we have visibility of that, a shortening of the settlement timetable and maybe even MWHHS itself might not be achievable.

Question 7 Do you agree with the DWG that participants should be able to correct Settlement Errors after the Final Reconciliation Run through Trading Disputes, and for at least 12 months after the Settlement Day (subject to an appropriate materiality threshold)?
Please identify the number of months and materiality threshold you believe are appropriate and why.

Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM'

Answer Yes

We do agree that participants should be able to correct settlement errors after the Final Reconciliation Run via the Trading Disputes after 12 months after the settlement day. Given that the Settlement timetable is likely to be reduced to 4 months with the disputes being run up to 12 months, it would greatly lighten the financial burden on Suppliers. We would be opposed to having disputes allowed to be run for longer than 12 months after the Settlement Day.

We agree that the threshold should be higher than currently but we do not have a view on an actual value.

Question 8 Do you agree that there are overall cost benefits to Parties from the reduced Settlement timetable? *Please identify any enduring cost implications of the proposed timescales.*

Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM'

Answer: Yes

We have always been supportive of a shortening of the Settlement timetable as it is an undue burden on Suppliers. It is also one of the main benefits from the Smart Meter Roll out. We would like to see the number of days between the new II and New SF to be at least 3 days. We understand we aim to reduce the financial burden on Suppliers as much as possible but having an II run at 4Wd and a SF run at 5 WD does not make sense. We want the first financial run to be as accurate as possible but there would very little improvement in accuracy between a run at 4WD and one at 5WD. We are more supportive of the SF run at 7WD providing 3 working days between II and SF to obtain more data, deal with validation and estimation.

We are supportive of the R1 run at 33WD and RF at 4 months past the Settlement Date.

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Question 9 Do you agree with the nine transition principles that the DWG intends to follow when developing its approach?

Relevant report sections: Section 10 'High level development of transitional approach'

Answer: Yes

We do agree with the 9 transition principles set out by the DWG to develop the transition process.

We would like clarification on the BSC and SEC changes as it states that "Enabling code changes need to be in place for when new services begin operating under the TOM." and "New SEC parties and associated DCC permissions need to be in place before Smart data can be retrieved."

The Industry need to have visibility of the new code changes in their final form well before new services begin operation under the TOM as development time and likely re-accreditation or accreditation will be required for new and existing Market Participants as well becoming a SEC Party and go through the relevant Entry process Testing.

Question 10 Do you have any views on the areas of design detail for further consideration?

Relevant report section: Appendix B Areas of design detail where the DWG recommends further consideration (Page 19).

Answer: Yes

We are not convinced that the TOU scaling weights would have no effect on vulnerable customers who choose to opt out.

Vulnerable customers might well have some peak usage and it is likely Suppliers will not offer the same attractive tariffs for opt-out customers as the scaling weights would be higher. It is an indirect pressure to have customers not opt out. And an undue extra financial pressure on vulnerable customers.

We understand and agree that we want to avoid customers/Suppliers gaming and skewing the system. The only way to achieve that is to make access to period data mandatory for Settlement Purposes. The full cost benefits of Smart Metering and MWHHS cannot be delivered without it.

Question 11 Do you have any further comments?

Answer: No

Please provide your comments here