

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

CONSULTATION RESPONSE TEMPLATE

| Respondent Information | | |
|------------------------|---|--------------|
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| Confidential Y/N | N | |

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 Any information marked as confidential will not be published by ELEXON or considered by the DWG, but will be shared with Ofgem.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? <i>Please list any elements that should be changed or improved.</i> |
| 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 – generally very supportive of proposed TOM, but with significant caveats | |

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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.*

Generally, we enthusiastically support the proposed services model at the TOM.

However, we identify the proposed MDS and ARP service sets as candidates for further early scrutiny.

We believe that in their current form they do not align well with particular Data Management Process imperatives (consistent positioning of the responsibilities attached to data creator, validator and modifier role holders and the delivery of effective data integration/sharing opportunities at services); they do not align well with data architectures that will develop at the BRP over the interim elective HHS deployment period; they do not align well with what will be a significantly changing role at existing DCDA metering agents, who in order to be successful and attractive partners to BRP's must contribute proactively to achieve BRP NBM initiatives and address the settlement impacts attached to a developing landscape of BRP impacting NBMs; they do not align well to deliver optimum cost effective service delivery through competition across service providers.

MDS Services

We do not support the conclusion that aggregation of HH SP data should be positioned at a new BSC Central System (MDS). Refined data aggregation services should persist as a BRP competitively procured service.

We note that the DWG decision to propose delivery of dis-aggregated Mpan SP data from PSS, ARP, UMSDS to MDS was not the unanimous view across the DWG (Appendix B). We agree with the objections raised at the DWG against the majority view and we offer our additional observations below.

Firstly, BRP's will be wrestling with the data management architecture decisions required to achieve the most effective and efficient positioning of the hugely increased volumes of consumption data that will be implicated at Smart HHS. Ideally, BRP's will adopt data sharing and integration of SP data with other core BRP side business processes and systems (billing, forecasting, NBM's etc) rather than adopt cumbersome, inefficient and expensive copy management regimes. Over the significant period of time before TOM is established proactive DCDA service providers will be working closely with BRP's in order to position a consolidated repository of consumption data at the BRP data architecture and enable integration/sharing of data across BRP systems. A step wise delivery strategy is anticipated over time. Firstly, to position at the BRP repository the set of appropriate validated data delivered from all DCDA agents to the BRP; followed later by agent facilities management and support of industry DCDA systems positioned at the BRP systems and data architecture to provide the most current views of validated data at the BRP repository. BRP's can, of course, choose to position the required consumption data repository by exercising DCDA industry responsibilities themselves.

The data management architecture objectives outlined above will be supported by complementary systems design approaches adopted at DCDA systems deployed at agents or at BRP's. The most significant volumes of SP consumption data will exist at the very large portfolio of Smart metering systems, rather than at Advanced or Unmetered systems. Physical design of HHDA data bases will align with the physical design of validated consumption recording data structures at HHDC so that most current validated Smart consumption data is coupled to HHDA processing directly, thus avoiding a requirement to copy manage such data between system databases. Consumption data from Advanced, Unmetered would continue to be copy managed to HHDA facilities at volumes that will proportionately diminish significantly over time.

The proposed copy management of all SP data to new MDS service is a wholly unnecessary and an expensive overhead and risk.

Secondly, a level of consistency exists at the current industry model such that the creation and maintenance of

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validated SP data that will enter settlements is entrusted to the HHDC. It is inconceivable that the desired development of NBM's and flexibility options at the market will not result in requirements to construct new and alternate views of the data that must enter settlement to reflect the outcomes of complex and perhaps frequent interactions between NBM parties. Consumption data managed at the HHDC and perhaps mirrored at BRP repository will be intimately involved at the design of NBM systems, from configuration of agreements between parties through to construction, validation and reconciliation of product outcomes and possible collisions. Impacts upon the resulting views required of appropriate aggregated settlement data will also be expected. Proactive agent and BRP delivery of differentiated service models - with benefit of Elexon/Ofgem validated policies to be applied to resulting settlement data construction, auditing and reconciliation - is preferred against a reactive and perhaps vanilla approach that will result in the event that a Central aggregation service prescribes the set of consumption data views that will enter settlements.

Finally, the DWG identify that the proposed centralised MDS service does not preclude the positioning of alternate aggregation services at the agent or BRP domain, and this observation is indeed true. However, we would tend towards the view that a requirement to position aggregation services at the provider of SP data to MDS will become a 'must have' rather than a possibly desirable optional facility. A requirement for reconciliation of settlement outcomes against NBM expectations, for example, would appear to be unavoidable and such reconciliations and their validation would only be assured through mirrored aggregation processes at the agent/BRP. So, not only will the proposed MDS result in duplicated data across BRP/MDS domains but it may also implicate the need for duplicated aggregation services at each party. If such risk is real then aggregation should surely persist within the BRP domain alone.

We also note the DWG observation that MDS, if it were to be deployed, would provide a consolidated view of SP data to interested and authorised parties across industry and perhaps beyond. We would very much support the potential at the TOM to distribute settlement quality data of interest across authorised parties. We would go further and suggest that such service will be a required service to facilitate communication of relevant SP data across BRP parties or their agents where Mpans appointed across parties are implicated at NBM's. However, we believe that other options exist at design options that are still under review by the DWG and we expand on our views here at our response to Q10 below.

ARP Services

Here we would suggest consideration of separation of the settlement related data processing of SP data from the collection of raw data from the Advanced meter as separate sets of services in their own right.

Such opportunity provided to service agents to provide AMR services only, we believe, may be more reflective and better aligned to how the market model for such discrete services on their own may develop over time.

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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: Yes – where caveats described at response to Q1 are addressed | |
| <i>Please provide your reasons here</i> | |

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| Question 3 | Do you agree that the TOM captures all essential Settlement processes? |
| Relevant report sections: Section 5 'Overview of the DWG recommended TOM', Section 6 'Service Overview (Summary Guide)', Attachment A 'Detailed TOM Service and Data requirements' | |
| Answer: Yes | |
| <i>Yes, where essential settlement processes are known at this time.</i> | |

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| 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/No | |
| <i>Difficult to confirm positively or otherwise. Appendix A provides a comprehensive and very useful description of service interactions with data but would benefit from an additional more detailed CRUD mapping of services against formally defined and decomposed industry data model entities.</i> | |

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| 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: Yes/No | |

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| Question 5 | Do you agree that the TOM does not hinder new market entrants, technologies and innovations? |
| <p><i>TOM compliant systems and agents will be available at the market to support new entrants.</i></p> <p><i>A steer to industry now upon appropriate technology options to deploy at TOM services will always be difficult but the DWG have highlighted this issue as an important issue for Ofgem to consider separately, an initiative that we would support.</i></p> <p><i>Risk of innovation (and differentiation) being delayed or stifled by positioning of MDS centrally provided services (as per response to Q1)</i></p> | |

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| 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 | |
| <i>Please provide your reasons here</i> | |

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| 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)? <i>Please identify the number of months and materiality threshold you believe are appropriate and why.</i> |
| Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM' | |
| Answer: Yes | |
| <i>Please provide your reasons here</i> | |

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| Question 8 | Do you agree that there are overall cost benefits to Parties from the reduced Settlement timetable? <i>Please identify any enduring cost implications of the proposed timescales.</i> |
| Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM' | |
| Answer: Yes | |
| <i>Please provide your reasons here</i> | |

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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 | |
| <i>However, we would encourage the DWG, Elexon and Ofgem to use influence to deliver early as possible extensions to SEC role definitions (available service requests at 'Other' role) and to elective HHS processes (MTD positioning) where such extensions align well with eventual TOM.</i> | |

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| 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 | |
| <i>We particularly support the DWG proposition that a centralised, consolidated Registration repository would be an attractive delivery to Industry.</i> | |
| <i>We also believe that such consolidated repository would be ideally positioned to help facilitate a standard market wide communications mechanism, deployed across market participants, that could achieve distribution of data of interest between authorised parties (NBM's, other data analyses against registration data classified Mpan sets etc)</i> | |

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| Question 11 | Do you have any further comments? |
| Answer: No | |
| <i>Available to discuss any of our comments with DWG or with any other interested parties at any time.</i> | |