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ELEXON Response to Ofgem’s consultation on Access to half-hourly electricity data for Settlement purposes

Dear Anna,

We welcome the opportunity to comment on the questions posed in the above consultation document, relating to Ofgem’s assessment of the options for access to half-hourly electricity data for Settlement purposes.

As you are aware, ELEXON (as ‘BSCCo’) is the Code Administrator for the Balancing and Settlement Code (BSC). We are responsible for managing and delivering the end-to-end services set out in the BSC, for which we provide Code Manager, Delivery Body and Policy Delivery support. In addition, through our subsidiary, EMR Settlements Ltd, we are the EMR Settlement Services Provider, acting as Settlement Agent for the Contract for Difference and Capacity Market.

The policy decisions underpinned by this consultation will be integral to the design of the Target Operating Models (TOMs) being developed for Ofgem by the ELEXON led Design Working Group for Market-wide Half-Hourly Settlement (MHHS).

ELEXON believe that Option 3 (Mandatory) should be chosen, for both Domestic and Micro-Business customers. This approach would be more accurate, simpler and enable more innovation. In turn, this would deliver more benefits to GB energy markets, the UK economy and the end customer. We do recognise this option would need to be managed carefully, so as not to deter smart meter installations and ensure that data protection requirements are met. We do not support either of the enhanced privacy options, which we believe to be complex, expensive and potentially unworkable for market participants.

However, we do understand how Ofgem has arrived at its minded to position for domestic customers, as Option 2 has the potential to least affect the roll out of smart meters. However, we are concerned about the potential for cherry-picking customers or gaming with Option 2 (Opt-out) which would have adverse side-affects for the market and end customers. Therefore, in answering the questions we have highlighted potential issues, risks and implementation considerations relating to Ofgem’s current view as set out in the consultation.

Yours sincerely,

Kevin Spencer, Design Authority

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Question 1: What are your views on Ofgem’s assessment of the implications of the options we have set out for access to HH electricity consumption data for settlement?

Having been involved in the assessment, we appreciate the difficulties in understanding the likely number of customers for whom HH electricity consumption data will be available in each of the proposed options. Unknowns such as the population coverage of smart Meters in the target end state and how many customers will have already received a smart Meter by the time that the policy decision is implemented. The consumer panel views set out give some comfort that sufficient data to make MHHS viable would be achieved under the minded to options set out in the consultation. We believe that the Target Operating Models TOMs have been designed in such a way, that they can support a relatively large number of customers where access to HH data cannot be obtained.

Question 2: Do you agree with Ofgem’s current view that the best balance could be achieved by a legal obligation to process HH electricity consumption data for settlement provided the consumer has not opted out, and if so, why? If you have a different view, please explain which option you would prefer and the reasons for this.

We believe that Option 3 should be chosen, for both Domestic and Micro-Business customers. This approach would be more accurate, simpler and deliver more benefits to GB energy markets, UK economy and end customer. However, it must be managed carefully as not to deter smart meter installations, as this would then not help realise the benefits of HHS. It must also meet data protection requirements as well.

However, we do recognise Ofgem’s minded-to position on allowing an opt-out which could strike a balance between consumer concerns and the SCR outcome of delivering the benefits of MHHS.

We do not support either of the enhanced privacy options, which we believe to be complex, expensive and potentially unworkable. We also agree with your evaluation that an ‘Opt-in’ option would significantly affect the number of HH settled customers and should not be chosen.

We would like to set out our reasons below for believing that Option 3 should be chosen:

- we have a concern that given a ‘tick-box’ choice to opt-out of MHHS, customers could take the ‘safe’ option of opting out, as the majority of customers do not have any understanding of Settlement or its implication on them;
- There is opportunity for gaming or cherry picking customers to opt-out, see our answer to question 3. This may undermine some of the benefits of being able to move or reduce consumption at peak times of the day and reduce the increased cost reflectivity that MHHS can bring;
- Opt-out also brings added complexity and costs to the MHHS processes. For example, there are a number of implementation considerations that will need to be built into the TOMs. The ‘Meter to Bank’ Services set out in the TOMs (Retrieval, Processing and Aggregation Services) will need to know the status of Metering points on a daily basis and customers would have the potential to flip in and out of MHHS. The status would also need an ‘effective from date’ as the status could

be different for different periods of data collection. Such flipping could occur on change of Supplier or change of tenancy and could be exacerbated by the implementation of faster switching. As such it is likely that the status would need to be stored along with the metering point registration data. Even so some HH data may have been collected by the old supplier from scheduled meter readings before the change in status is known which should be noted.

We would also be concerned over the potential of a media campaign, which might encourage customers to opt-out, thereby not realising the full benefits of MHHS.

Question 3: There is a risk that consumers who use particularly high volumes of electricity at peak could choose not to be HH settled and therefore disproportionately increase energy system costs, which would then be shared by all consumers. Do you have any views on whether or how we should address this issue?

We are also concerned that such consumers could opt-out and the potential the option provides for gaming. There is potential for customers with peakier load to be moved to opt-out tariffs, which then are not reflective of the customer's true consumption. In the TOM design, these customers would be settled using data from the Load Shaping Service (LSS) that will use HH data from non-opted out consumers. This may not be reflective of such consumer's peak usage. This would cause an increase in GSP Group Correction at peak that would be smeared across customers groups not contributing to the issue, thereby affecting cost reflectivity or reintroducing cross-subsidies across customer groups.

This may be mitigated by applying an appropriate weighting in the calculations (to reflect the error certain customer groupings are causing) to ensure the corrected volume at peak is in the most part allocated to the opted out grouping.

Question 4: What are your views on the potential enhanced privacy options?

We strongly believe the enhanced privacy options should not be pursued. We have long considered that the enhanced privacy options were potentially unworkable or at least very complex and expensive to implement. Understanding which metering point consumption data belongs to is fundamental to the Retrieval, Processing and Aggregation Services involved in the Settlement process and access to the appropriate registration data is necessary to understand to whom consumption data is to be provided and allocated and ensuring line losses are applied accurately. Although potential solutions were identified in the assessment, we do not believe these actually achieved the original intent of the Anonymisation option which was to not allow any party to map the data back to the customer. In either scenario we also believe that re-identification for certain would be possible due to the timings of information set out in the registration system.

Question 5: If we decided to further consider the hidden identity option, do you think data from all consumers should be pseudonymised or only data from consumers who have not chosen to share their HH data for settlement?

If the hidden identity option were to be implemented, it would make sense to pseudonymise all consumers in the smart and dumb meter segment to avoid added complexity and costs that dual processes and difficulties in tracking customers flipping between the two statuses would bring. It does not make sense to apply this approach to the Advanced Meter segment, or for unmetered supplies, the retrieval and processing services for which need to directly interact with the site or customers in question.

Question 6: Please provide any information you can about the likely costs and benefits of these options.

We believe to implement the Anonymisation option, a single entity for the end to end process would need to be procured. We believe this cost would be similar to setting up a large Half-hourly data collection and aggregation service in the current market.

The hidden identity option would not only require new pseudonimisation process and Service it would also require all registration systems to securely hold and maintain the mapping of the pseudonimised number and the MPAN which we believe would be expensive. The psuedonimised number could also change on a daily basis making data for the same site hard to track which may make reporting of metering system counts difficult to achieve (e.g. due to double counting). This may have implications for non-settlement schemes and levies, although we have not considered this in detail to date.

Question 7: Do you think that there should be a legal obligation to process HH data from all smart and advance metered microbusiness customers for settlement purposes only? If you disagree, please explain why.

We agree with the legal obligation for micro-business consumers. We do not believe these customers are significantly different from many of the consumers in Profile Classes 5 to 8 that have already been moved to HHS (under BSC Modification [P272](#)). Providing optionality for these customers would be step backwards and may bring challenge from those non-domestic consumers that have already been mandated to move to HHS.

Question 8: Are there any issues relating to access to data from microbusinesses that you think Ofgem should be aware of?

None we are aware of.

Question 9: We propose that domestic and microbusiness consumers retain the level of control over sharing their HH electricity consumption data that was communicated to them at the point at which they accepted a smart or advanced meter, until the point at which the consumer decides to change electricity contract. Do you agree this is the best approach?

This approach makes sense but will be complex to implement. It would require retrospective setting of the status for these customers with effective dates (noting previous comments on access to the status by services on a daily basis). Retrieval and processing will need to understand the status of data for customers for the duration of the Settlement timetable. For example, some customers may only have register readings accessed for later reconciliation runs, but HH data for earlier Settlement runs.

Question 10: What are your views on Ofgem’s proposal to make aggregated HH electricity consumption data broken down by supplier, GSP group, and metering system categorisation available for forecasting?

Yes, we agree with this proposal, as helps suppliers manage their energy purchases and better match purchases versus sales, thus reducing the costs to serve.

This option is supported in all TOMs as this aggregated data will align with the Consumption Component Class (CCC) allocation of data provide by the Volume Allocation Service. We believe some other parties (e.g. academics and universities) would like more granular data such as LSOA level data. We believe the enhanced data privacy options could make lower level aggregations difficult to achieve as data could not be mapped to the appropriate information to allow this to occur.

Question 11: Is there any additional data beyond this aggregated data that you consider suppliers will need for forecasting

The Load Shaping Service would be able to provide other categorisations of consumers, if required in the future for a subset of the population within the categorisation. For example, an EV load shape based on EV charging point metering systems within a geographical region. This would require new identifiers associated with an MPAN, that would need to considered and agreed. Again, this could be frustrated by enhanced privacy options.

Question 12: Our analysis suggests that HH export data reveals less about a consumer and is therefore likely to be of less concern to consumers than HH electricity consumption data. Do you agree?

We agree that HH export tells you less about a consumer's behaviour, as the timing of export is usually linked to fixed or variable times of day and not as linked to a consumer's energy signature. For example, fixed times for photo voltaic export and micro CHP and more random times for hydro or wind, such as varying by season or when the wind blows.

Question 13: Do you consider that any additional regulatory clarity may be needed with respect to the legal basis for processing HH export data from smart and advanced meters for settlement?

We are still concerned that there is no specific legal basis for export to be registered for Settlement purposes and as such most export from small distributed renewables will continue to be spilt onto distribution networks without appropriate accounting. We believe that the department of Business Energy and Industrial Strategy (BEIS) along with Ofgem should look at how an obligation to register and settle such export could be implemented. We are happy to assist in this work and identify potential solutions.

Question 14: Do you have any thoughts on the monitoring/auditing environment for the use of HH data for settlement purposes?

The TOM design will allow for reporting to be undertaken from a number of service elements (depending on the chosen TOM). This would allow data for any such monitoring and auditing against the Data Access framework.

Question 15: Do you have any additional thoughts or questions about the content of the DPIA?

There may be considerations as to data requirements for the emerging Distribution System Operator role. As such, the policy decision will need to take account of any implications/interactions with a future DSO need on the view of consumption and export meter data on its networks.