



Making a positive difference
for energy consumers

Feedback Form

Once completed, please send this form to
HalfHourlySettlement@ofgem.gov.uk by 12 November 2018.

Organisation: ELEXON Ltd.

**Contact: Kevin Spencer, telephone: 07551 124 671, email
kevin.spencer@elexon.co.uk**

Is your feedback confidential?

YES

☐

NO

X

Unless you mark your response confidential, we will publish it on our website, www.ofgem.gov.uk, and put it in our library. You can ask us to keep your response confidential, and we will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your response confidential, you should clearly mark your response to that effect and include reasons.

If the information you give in your response contains personal data under General Data Protection Regulation (EU) 2016/679 and Data Protection Act 2018, the Gas and Electricity Markets Authority will be the data controller. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. If you are including any confidential material in your response, please put it in the appendices.

Question 1: Do you have any comments on our updated analysis and thinking?

ELEXON agrees with the updated analysis and thinking set out in the consultation. Data quality in future should be better regardless of the chosen Target Operating Model (TOM). This is because smart Meters and the communication infrastructure will improve timely access to more granular meter data.

We also believe that the current issues with data hand-offs across multiple organisations can be addressed by appropriate logical architecture and technology. As identified in the consultation (following the design principles) and settlement design approach across all of the TOMs, there will be fewer hand-offs in half-hourly Settlement.

It should be noted that the BSC Performance Assurance Framework (PAF) will also need to be revised to ensure it is appropriate for the chosen TOM. This will ensure that Settlement performance is improved under HHS. ELEXON will be requesting that the current PAF review take this into consideration.

We believe the economies of scale can be achieved by allowing disaggregated meter data to be provided into the central settlement processes (with a competitive meter data Retrieval and Processing model). There are also efficiencies and benefits in innovation and flexibility from moving from the existing data aggregation agent model which tends to silo- meter data by Supplier. The existing model is also a barrier to aggregation of data across suppliers for non-Settlement purposes. The existing aggregation model does not really provide competition in aggregation as a service, as the Data Aggregation function became a de-facto part of the Data Collector role (although not formally joined as a defined market role). Therefore, it is that competition in data collection rather than data aggregation that is the key driver.

We agree with Ofgem's statement that Data Aggregation was defined as a service for the introduction of supply completion, as technology at that time (late 90s) could not easily cope with disaggregated meter data across the whole market in central systems.

We believe that competitive retrieval and processing allows for value-added services to be provided on a commercial basis outside the Settlement processes.

Implementing industry changes should be easier under Market-wide HHS. If disaggregated data is provided to central settlement, changes to calculation rules would be simple and timely to implement.

We also note the work of the newly formed Energy Data Task Force. This aims to develop recommendations for how industry and public sector can work together to facilitate greater competition, innovation and markets through improving data availability and transparency. We believe that the model of competitive meter data retrieval and processing with disaggregated data fed into central settlement will help improve smart meter data availability and transparency. For example, by having disaggregated meter data across the whole market in central settlement would allow new aggregations of data for flexibility purposes and for public interest purposes.

Question 2: Do you agree with our proposed position? If not, please explain why.

ELEXON agrees with the Ofgem proposed position. A TOM with centralised Meter Operation was never considered as part of the TOM design. Further to our response to Question 1 we believe there are benefits and specialisations that can be realised by competitive Retrieval and Processing Services, for example in extra value add services that can be provided to suppliers, aggregators or customers.

We also agree that the data aggregation role is no longer required in its current form. We understand that there were two drivers for the current aggregation role:

1. IT System capabilities in 1998 meaning that Central Settlement need pre-aggregated data; and
2. A desire by the then regulator, the Office for Electricity Regulation (OFFER), to have a competitive Agent role.

We believe the first driver no longer applies due to changes in technology and the second was never realised, as pointed out in our response to Question 1.

Question 3: Do you consider that settlement data will still need to be aggregated for submission into central settlement systems in future? In light of this, do you consider that a data aggregation role is required?

No, as discussed in our answers to the two previous questions, this is no longer required.

Firstly from a technology point of view (i.e. technology can easily cope with the amounts of meter data from 30 million customers, see current markets such as mobile phone or banking technologies) and secondly due to the data-siloing restriction that this aggregated approach gives rise to.

In a future where we have Distribution System Operators, Electric Vehicles, Community energy, peer to peer (and other disruptive technologies), the ability to access data for system security and the public interest will be vital. The approach of having disaggregated meter data in central settlements, as proposed in the consultation, would deliver the ability to access data for such purposes.

Question 4: Do you agree with our consideration of our proposed position against our assessment principles?

Yes, we agree with the Ofgem proposed position as stated in our responses to the previous questions.

Disaggregated data is beneficial to future markets and flexible to changes required for future supply market models. For example, it would help enhance the benefits of the proposal set out in ELEXON's [white paper, to enable](#) multiple energy providers. It would provide easier access to Meter level data to adjust Suppliers' imbalance positions.

Additionally, it would support future innovations that might come through the Ofgem and ELEXON sandbox processes. For example, we also foresee future market models that could be supported by access to Meter level data and thereby increase the benefits of the innovation to market participants and therefore the end customer.

Further comments

The Ofgem minded to position aligns well with the initial recommendation of the HHS [Design Working Group \(DWG\)](#) on the preferred Target Operation Model. This is a variant of Target Operating Model A: 'Combined Retrieval and Processing with separate Aggregation' with the aggregation function embedded within Central systems. The DWG has also been provided with a potential System Architecture that can deliver the preferred TOM.

We believe that the DWG initial recommendation on a preferred TOM will deliver a future market model that is highly flexible to future market changes.

