



Updating the Settlement Road Map

Meeting Name Profiling and Settlement Review Group

Meeting Date 03 September 2013

Purpose of paper For decision

Summary

In early 2012, the PSRG considered a Road Map for settlement based on its work on Half Hourly settlement, an understanding of the rollout of smart meters and the role the Data Communications Company. There is now a clearer picture on the rollout of smart meters and role of DCC, so it is timely point to revise the Settlement Road Map and consider what changes are required (if any and the timescales for delivery) to maintain robust Settlement processes going forward to 2020. The PSRG is invited to review the key events, supporting assumptions/issues and resultant the settlement roadmap.

1. Background

- 1.1 In early 2012 the Profiling and Settlement Review Group (PSRG) considered a Road Map for settlement based on its work on HH settlement, an understanding of the scope of the Data Communications Company (DCC) and the timescales for the smart meter roll-out. Now that a clearer picture is emerging we are in a position to revise the NHH Road Map for the PSRG to consider. The focus on what changes are required (if any) and the timescales for delivering any appropriate changes (in the short to medium term) to maintain robust Settlement processes going forward to 2020.
- 1.2 The PSRG is invited to review the roadmap in Appendix A, the key events that impact this and the supporting assumptions/issues in the paper.

2. What are the key events for Settlement?

- 2.1 There are a number of key events that may impact or influence the development of settlement:

No.	Key event	Comment	Timescales
1.	Decision on P272	RIA to be issued Sept. 2013	February 2014
2.	Mass roll-out of smart meters	Revised start date	Autumn 2015
3.	DCC Go-Live	Revised start date	Autumn 2015
4.	Dynamic Switching by customers with smart meters	Estimated date after DCC Go-Live	2016?
5.	Registration in DCC	Covered by Ofgem's Smarter Markets work	2017?
6.	Centralised DC/DA	Covered by Ofgem's Smarter Markets work	2018?

- 2.2 The PSRG is invited to consider these and their timing, the impact on Settlement and identify any further ones relevant to settlement. Appendix A contains a draft (strawman) roadmap for PSRG review that will be updated following review and agreement of the following assumptions/issues.

3. Assumptions and Issues

- 3.1 There are a number of assumptions and issues that need to be reviewed and agreed by the PSRG in developing a valid potential road-map for Settlement in the short to medium term. The table below lists these together with the understood status or timescales.

No.	Assumptions	PSRG review/status	Timescales
1.	Short to medium term. Focus of the settlement roadmap	Timescales leading up implementation of Ofgem's Smarter Markets vision	Up to end of 2019, start of 2020
2.	Teleswitch Service	Revised contract between ENA and BBC	Extension to ENA contract until 31 March 2014. Likely extension to 2017 and infrastructure support until at least 2020.
3.	HH/NHH DUoS Changes and new Measurement Classes (as per P280)	In progress	Implementation (if agreed) April 2015
4.	Profile Administration: Data Gatherer and Sample Manager and Data Analyst	5 year contract	Re-procurement will be required in 2015 for new service from 1 April 2016? – Opportunity for new type of Service.
5.	Twice yearly profiling	Is required now	Until at least 2018?
6.	PEG to review profile samples	October 2013	Autumn 2013

- 3.2 The following table lists the main issues that will impact on the settlement roadmap.

No.	Issues	Status	Comment
1.	Data Privacy and access to half-hourly data for Profiling	Mechanism not yet identified	Need to identify and implement the mechanism as soon as possible
2.	Smart meter roll-out impact on profile samples	Already occurring	Mitigation of impacts required
3.	Dynamic feedback of switching of customer's load/registers through smart meters	Mechanism not yet identified	Requirement need to be confirmed, mechanism identified and implemented if NHH dynamic ToU is required.
4.	Interactions with longer term solutions	Ofgem's Smarter Markets work	Will need to be considered.

4. Main elements of the settlement roadmap

- 4.1 The roadmap lists a number of areas of potential changes/improvements to the settlement process. These are presented for PSRG review. Each area would need to look at the costs and benefits of introducing changes in the context of Ofgem's Smarter Markets work.

PEG Review

- 4.2 At meeting 26, the PSRG requested that the Profiling Expert Group (PEG) review the Profiling Samples. The scope of the review is proposed as follows:

In Scope:

- Sample Sizes;
- Sample Structure – Sampling frame including sampling variable, number of strata and stratum boundaries;
- Sample weighting; and
- Valid sample participants – e.g. micro-gen, smart, E7 regimes.

Out of Scope:

- Regression equation and variable;
- Changes to Central systems; and
- Changes to data flows.

- 4.3 The review is to be conducted via scheduled PEG meeting, then via e-mail with final recommendations agreed alongside the Technical Product Deliverables and AFYC data in January. The recommendations and implementation timescales will then be presented to the PSRG and SVG early in 2014.

Dynamic Switching Requirements

- 4.4 This work area would establish the need for feedback from dynamic switching events (load and registers instructed by Suppliers through the DCC). Previous work has not resulted in agreement by Suppliers/Distributors on this issue, see [SVG144_05_Dynamic_Switching](#). The PSRG is invited to consider what work (if any) is required on defining the requirements, for example the format of the feedback, standing data changes, e.g. MDD, the feedback mechanism and any audit requirements for Suppliers. Consideration may also be required on NHH or HH solutions. Procurement of any services and or infrastructure required to deliver the requirements and implementation.

Smarter Profiles

- 4.5 There is the opportunity to use smart meter data to improve the accuracy (or prevent degradation) of the profile samples. Restructuring of the profile samples to include the smart meter data weighted appropriately to match the roll-out profile would aid the accuracy of NHH settlement. This work could also consider tracking the roll-out and identifying the source of data for weighting the smart meter data. It would also be useful to review profile performance against changes driven by the smart roll-out.

Real time Profiles

- 4.6 The PSRG have discussed previously (as part of the HH settlement work) the approach of real time profiling (dynamic profiling for Profile Classes 5-8). This are would consider establishing the requirement for real-time profiles (or not if the future is HH), defining the methodologies, any new profiles, the processes,



mechanisms and timescales. It would also need to look at the procurement of any infrastructure or services required to deliver real-time profiling and implementation and associated benefits.

5. Recommendations

5.1 The PSRG is invited to:

- a) **CONSIDER** the key events as set out in this paper;
- b) **REVIEW** the settlement roadmap with supporting assumptions and issues; and
- c) **AGREE** that next steps for PSRG on work to be undertaken on the profiling and settlement elements of dynamic switching, smarter profiles and real time profiling.

For more information, please contact:

Kevin Spencer, Market Analyst

kevin.spencer@elexon.co.uk

020 7380 4115

Appendix A: Settlement Roadmap

Years	2013	2013 - 2014	2014	2014 - 2015	2015	2015 - 2016	2016	2016 - 2017	2017	2017 - 2018	2018	2018 - 2019	2019
Seasons	Spring-Summer	Autumn-Winter	Spring-Summer	Autumn-Winter	Spring-Summer	Autumn-Winter	Spring-Summer	Autumn-Winter	Spring-Summer	Autumn-Winter	Spring-Summer	Autumn-Winter	Spring-Summer
Events	P272 RIA	P272 decision	-	-	P272 and DUoS changes Implemented?	Mass Roll-out & DCC	Customer Dynamic Switching?	-	Centralised Registration?	-	Centralised DC/DA?	-	-
Settlement Profiles	Existing Profiles	PEG Review 	Next set of Profiles (no approach changes)		Implement PEG Review of Profiles (minimal changes)			Smarter Profiles					Real time Profiles
Load research Samples	Existing samples (P223)				Existing samples (P223) + adjusted		Existing samples – Smart Data supplemented						Real time samples
Settlement Agents	Current DGSM and DA				DGSM/DA re-procurements		New DGSM/DA – x year contract				Procure new profile service		New profile service
NHH settlement work		Define dynamic switching requirements	Agree dynamic reqrs	Procure services/ infrastructure			Implement Dynamic switching rules	Define real time	Agree real time reqrs	Procure services/ infrastructure			Real time Profiles