

CCDG Consultation Response Template

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Respondent information

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Type of company	Supplier / Generator		
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Confidential Y/N	No		

A Webinar on the consultation will be held in early 2021 if you wish to get an overview of the changes before responding.

Please:

- Email your response to CCDGsecretary@elexon.co.uk by **08:00 (8am) on 26 January 2021**, using the subject line 'CCDG consultation response'.
- Use this Word response form where possible to make it easier for the CCDG to identify and summarise views.
- Provide supporting reasons for your answers to help the CCDG understand your response.
- Identify clearly which, if any, aspects of your response are confidential. We will not publish any information marked as confidential, or share this with the CCDG. However, Ofgem will see all responses in full. We encourage you to provide non-confidential responses where possible, to inform the CCDG's discussions.

Email Elexon's MHHS team at CCDGsecretary@elexon.co.uk with any questions. More information can be found on the [CCDG webpage](#)

Question 1. Do you agree that the detailed MHHS TOM design is consistent with the Design Working Group's preferred Target Operating Model?

Yes/ No

Rationale: We agree that the detailed design is consistent with the DWG's preferred TOM, but believe it makes Ofgem's proposed implementation timeline unrealistic. It is important that Ofgem and the industry recognise that the scale and complexity of the proposed changes are larger than any reforms to the electricity market for some time.

Having analysed the key elements likely to impact suppliers, it is immediately clear that wholesale changes would be needed to our internal systems (particularly billing and pricing) and processes. While we do not disagree with the proposed design of the new MHHS arrangements, the current set-up of our systems means that a full rewrite – possibly even replacement – would be required in order to enact the proposed design. Presently, the top line configuration of the Supply Number (e.g. Profile Classes, Meter Timeswitch Codes and Line Loss Factor Class) is the primary driver for all key processes relating to billing, hedging and forecasting, pricing and metering. The process of unpicking these arrangements and reengineering them to deliver the proposed arrangements using existing

systems will be an extremely costly and time-consuming exercise, particularly as suppliers will need to continue to operate the existing arrangements (i.e. dual run) during the planned migration period.

As such, we reiterate our longstanding view that the proposed 4-year transition period should not begin until the end of 2022 at the earliest in order to:

- i) avoid resource overlaps with other large-scale programmes (particularly Faster Switching) and other major regulatory reforms that need to be implemented during the same period, and
- ii) allow industry participants sufficient time to review their own internal systems and processes and identify [and potentially procure] appropriate architectural solutions.

We understand that further consultations are expected on the Transition and Settlement Run-Off arrangements in 2021, but we would strongly urge the CCDG to advise that more time is afforded for suppliers to prepare to design, build and test (DBT) their systems and processes. We are mindful that Ofgem's *Settlement Reform Programme Plan*¹ foresees suppliers completing the DBT phase in the first 18 months of the 4-year transition period, but such an ask would only be reasonably possible if the DBT phase does not begin until the end of 2022 at the earliest.

Question 2. Do you have any specific comments on the proposed set of detailed data items or associated transition requirements set out for the MHHS TOM

Comments can be in relation to any or all of the areas set out by the CCDG under Section A.

~~Yes/~~ **No**

Rationale: We have no comments.

Question 3. Do you agree that the TOM should not include a process for correcting Settlement volumes associated with ETs?

~~Yes/~~ **No**

Rationale: We do not agree with the rationale that the Faster Switching programme will necessarily reduce the number of ET's. While there are initiatives that aim to improve the quality of industry data (e.g. data cleansing exercises and the creation of a single premises address database) and introduce processes (e.g. annulment and recently introduced GSOP payments) to reduce the number of the ETs, the benefits of these changes are likely to be counteracted by reducing the time permitted for suppliers to check outgoing and incoming switching flows to comply with heavily condensed switching timelines. As an example, in the non-domestic market the objection window is to reduce from 5 working days (electricity only) to a maximum of 2 working days, which increases the risk that an ET could be missed if suppliers are unable to contact customers in this period to validate the switch request.

Rather than committing to this design feature at an early stage, we believe that the CCDG should wait until Faster Switching arrangements have gone-live to decide if a process is required. This will allow time for evidence to be collected that demonstrates whether ET numbers have significantly reduced, and therefore justify whether there remains a need for a process to correct Settlement volumes.

Question 4. What impact would the lack of a process to correct ET Settlement volumes have on your organisation?

¹ Ofgem *Settlement Reform Programme Plan* – pg. 69:

https://www.ofgem.gov.uk/system/files/docs/2020/05/mhhs_draft_impact_assessment_consultation.pdf

Response: While we have been unable to quantify the impact in time to respond to this consultation, using existing volumes as a yardstick, we would be negatively impacted by the lack of a corrections process. If volumes do reduce as anticipated under the new Faster Switching arrangements, we would expect these impacts to reduce but, as detailed in our answer to Question 3, we recommend that the CCDG reserves judgement until after the Faster Switching programme has gone live.

Rationale: Upon resolving an ET, we correct Settlement volumes where the Settlement volume is considered material. Given the investigation phase of an ET can be lengthy, with customers needing to be contacted and site visits arranged to confirm meter serial numbers and meter location, this currently means that we correct the Settlement volumes on ET losses [where we are the registering supplier] in around 40% of cases.

Question 5. Are there any non-Settlement reasons why your organisation would require new Related MPANs to be created in the target end state?

~~Yes/~~ **No**

Rationale: We do not generally create Related MPANs and would support Suppliers being required to install a single meter at site for new connections. This will be significantly easier by 2024/2025, when polyphase smart metering solutions are predicted to be more widely available, therefore reducing the requirement to install multiple meters at a site to meet customer requirements.

Question 6. Do you have any specific comments on the proposed detailed processes, or associated transition requirements, set out in Section B for the MHHS TOM?

~~Yes/~~ **No**

Rationale: We have no comments.

Question 7. Do you agree that the detailed MHHS TOM design meets Ofgem's Design and Development Principles?

Yes/ No

Rationale: We have no views on this question.

Question 8. Do you believe that all the major changes to the Industry Code documents required to deliver the MHHS TOM have been identified?

Yes/ No

Rationale: We have reviewed the code changes matrices and agree that the major changes have been identified. We look forward to reviewing the draft legal text changes when they are consulted on.

Question 9. Do you think there are any drivers for changing the scope and/or structure of the BSCPs impacted by MHHS?

Yes/ No

Rationale: We have no views on this question.

Question 10. Do you have any other comments?

~~Yes/~~ No

Rationale: We have no further comments.