

HEADLINE REPORT

MEETING NAME Design Working Group (DWG) – Market-wide Half Hourly Settlement SCR

Meeting number 19

Date of meeting 17 July 2019

Purpose of paper Information

Classification Public

Synopsis Summary of the nineteenth DWG meeting and actions arising.

1. Introduction and meeting objectives

1.1 ELEXON introduced the nineteenth DWG meeting and set out the meeting objectives. These were to:

- Discuss the responses to the DWG's consultation on its approach for transitioning to the Target Operating Model (TOM) for Market-wide Half Hourly Settlement (MHHS), drawing out the key messages and any new arguments
- Agree the DWG's final transition approach, including any changes arising from the consultation
- Agree the structure of the final Stage 2 report to be delivered to Ofgem

2. Smart Export Guarantee update

2.1 The Department for Business, Energy and Industrial Strategy (BEIS) gave the DWG an [update](#) on the [Smart Export Guarantee](#) (SEG), which will be introduced on 1 January 2020.

2.2 The DWG noted that the SEG will be in place before the transition to the TOM starts, and that the SEG supports the TOM by requiring Export to be metered/registered for Settlement. BEIS clarified that the SEG requires Half Hourly (HH) capable metering but refers to the BSC for the rules on how the Export is settled. Under the current BSC rules, any registered Export under 30kW will be settled Non Half Hourly (NHH) unless it has elected to be HH. The TOM is designed to settle all registered Export HH.

2.3 The DWG noted that Ofgem's [policy decision on data access and privacy](#) means that customers will not be able to opt-out of sharing HH Export data for Settlement.

2.4 BEIS confirmed that the SEG has no end date. However, the SEG is intended to create a market for Export and, once this has happened, the SEG could be removed in the future if legislation is no longer required.

2.5 A DWG member highlighted that there appears to be some confusion among Suppliers about how to register Export Meter Point Administration Numbers (MPANs), and specifically about how to add the Export Meter to the MPAN. ELEXON highlighted its existing guidance notes on [microgeneration](#) and [Import Export Metering Systems](#). It agreed to consider re-publicising this guidance through Newscast.

ACTION 19/01

2.6 Another DWG member commented that recent changes under the Master Registration Agreement (MRA) have removed barriers to registering Export MPANs and have created new [MRA Agreed Procedures \(MAPs\) 27 and 28](#). After the meeting, the member confirmed that these changes are MAP CPs [0297 'Introduction of procedure for raising Export MPANs'](#) and [0298 'Request for Additional Import / Export MPANs using ECOES2'](#).

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3. Ofgem SCR update

- 3.1 Ofgem gave an update on the following SCR publications since the last DWG:
- [Policy decision on agent functions](#)
 - [Response to stakeholder comments on the Outline Business Case](#)
 - [Policy decision on access to half-hourly data for Settlement purposes](#)
 - [Summary of responses to Consumer Impacts Call for Evidence](#)
 - [Draft Request for Information \(RFI\)](#) (Ofgem invites comments on the draft format/questions by 24 July 2019)
 - [Paper on future-enabling the TOM](#) (Ofgem welcomes input at any time, but ideally by 16 August 2019 where possible)
- 3.2 The DWG noted that the policy decisions are in line with Ofgem's previous '[least-regrets](#)' steer and therefore require no changes to the TOM or transition approach. Ofgem advised that the content of the future-enabling TOM paper has not changed materially from the draft circulated to the DWG in 2018. Its full RFI will run for eight weeks once published.
- 3.3 Ofgem noted that its decision on data access confirms that domestic customers will be able to opt out of sharing their HH data for Settlement. It clarified that, where these customers opt out of sharing their HH data, it is minded to allow access to daily reads – its Full Business Case will contain its final decision on this. Ofgem highlighted that it is now looking at the more detailed access to data design issues, including consideration of when the revised data access framework will become effective.
- 3.4 Ofgem advised that it hopes to publish its revised SCR timeline soon, noting that its Full Business Case decision will not be published by the end of 2019. It clarified that the Full Business Case will make the final decision on the TOM. The Full Business Case will also set out the expected future point, after implementation of MHHS, at which Ofgem intends to review the data access framework.
- 3.5 Ofgem noted that the DWG will have completed its Terms of Reference when it submits its final report at the end of August 2019. It advised that it is considering the scope for the next phase of design work, with the aim that this could start in September/October 2019. Ofgem's current thinking is that it may establish two industry working groups – one to consider architecture, and one to flesh out outstanding TOM detail and oversee production of legal drafting for impacted Industry Codes. ELEXON noted that architecture decisions would be needed before the TOM workgroup could finalise details of interfaces.
- 3.6 DWG members volunteered to provide input on any draft Terms of Reference for the TOM workgroup, since this will follow on from its own work.

4. Summary of consultation responses

- 4.1 ELEXON presented a [summary](#) of the responses by question. The DWG focused on identifying the key messages and on whether there were any new arguments.

Comments outside DWG's remit

- 4.2 The DWG agreed that the following aspects of the responses fell outside the scope of its deliverables but will be considered elsewhere:
- **For consideration by Ofgem under its wider SCR:**
 - Comments on the plan/process for implementing MHHS after Ofgem makes its Full Business Case decision
 - Comments on the customer experience, including billing and customer education

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- Comments on architecture
 - Comments on commercial and contractual considerations
 - **For consideration by the Performance Assurance Board (PAB) and Trading Disputes Committee (TDC):**
 - Comments on setting performance targets during transition and under the enduring TOM
 - Comments on Qualification / Re-Qualification
 - Comments on market monitoring to support the move to a shorter Settlement timetable
 - Comments on Disputes process and materiality threshold(s)
 - **For consideration by the proposed new TOM workgroup (see item 3):**
 - Comments on outstanding areas of the detailed TOM solution, including:
 - Rationalising data items
 - Exception reporting
 - Interfaces to Data Service
 - Registration
 - GSP Group Correction
 - Settlement of Export
 - Requirements for Qualification / Re-Qualification
 - Settlement 'run-off' arrangements
- 4.3 The DWG noted that Ofgem had seen all the responses. ELEXON agreed to pass the responses to the PAB and TDC, highlighting the responses to Questions 3, 9 and 10 as well as any comments about Qualification.

ACTION 19/02

- 4.4 The DWG agreed that Qualification and Re-Qualification requirements should be proportionate. It agreed that it did not need to set these now, noting that the [Performance Assurance Framework \(PAF\) Review](#) is just beginning to look at Qualification processes and may itself make improvements to these. The DWG agreed that the appropriate requirements should be considered further by the PAB and the proposed new TOM workgroup.

- 4.5 ELEXON agreed to ensure that the DWG's final report sets out the outstanding areas of lower-level detail that still need to be considered under the TOM design, whether by the PAB, TDC or further TOM workgroup.

ACTION 19/03

Comments on elective HH Settlement (HHS)

- 4.6 The DWG discussed the mixed responses on using the existing elective process to migrate significant numbers of MPANs to HHS as an interim step in the transition process. It agreed that there may be improvements that can be made to the existing elective HHS process, particularly around customers reverting to NHH on a Change of Supplier. It also agreed that any improvements should not have to wait for the SCR to conclude but should be progressed as business as usual under the normal BSC change process, initially through an Issue Group. However, the DWG agreed that the main barriers to mass take-up of elective are commercial ones. It noted that, while an Issue Group could discuss these, it may not be able to resolve them.

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- 4.7 The DWG noted the concerns raised by respondents about incurring costs to adopt the elective HHS process in the interim, only for it then to be replaced by the enduring TOM processes with their own implementation activities and costs. The DWG recommended that use of the existing process should remain voluntary rather than becoming a mandatory stepping stone to the TOM. However, it recognised that Ofgem can consider this further through its RFI, Impact Assessment and Full Business Case. It acknowledged that the pros and cons of using the elective process as an interim step in the transition approach will depend in part on the timescales for implementing the TOM, which are currently unknown.

Comments on transition timescales

- 4.8 A minority of DWG members suggested that the DWG's transition approach should give an indication of timescales, noting the suggested Gantt chart provided by one respondent. ELEXON noted that Ofgem will be considering timescales as part of its RFI. Ofgem confirmed this but commented that a DWG view on timescales would be helpful, if it could agree one in time for its final report in August.
- 4.9 The DWG was unable to agree on any proposed timescales, with some members commenting that any timescales could only be very indicative at this point and that publishing these part-way through Ofgem's RFI process could be unhelpful. It agreed that consideration of timescales will need to form part of any further transition design work under the SCR.

Comments on transition principles

- 4.10 The DWG noted that one of its transition principles is that:
- 'The transition approach needs to balance the efficiencies of making HHS a 'one-way gate' (i.e. preventing HH customers switching back to NHH arrangements during the transition) with not creating undue barriers to customers switching BRP (Supplier).'*
- 4.11 The DWG agreed that there may need to be a yet-to-be-defined 'one-way gate' point during transition, after which all Suppliers must be able to support the new arrangements or could be prevented from taking on customers until they can. This point could potentially be different for different market segments.
- 4.12 The DWG noted that the extra principles suggested by Citizens Advice fell outside of Settlement, and therefore the scope of its transition approach, but that Ofgem would consider these.
- 4.13 The DWG noted that some respondents had found it difficult to say whether the transition approach delivered all principles, due to the further detail that would need to be defined as part of future work. It agreed that any further work should continue to use these principles.

Required clarifications to final report

- 4.14 The DWG agreed a number of areas where the responses highlighted the need for clarification in its report. These include clarifying:
- That customers with Advanced Whole Current Meters will not be forced to have a smart Meter (although they can choose to have one) – customers wanting to keep their Advanced Meter and stay in the Advanced Market Segment will be allowed to do so
 - That Half Hourly Data Collectors will have a commercial choice about whether they wish to support data to the nearest Wh – they will not be required to do this, but if they choose not to they will be unable to service smaller unmetered customers during the transition or participate in the elective HHS arrangements
 - That smaller Unmetered Supplies (UMS) customers will not be required to have Photo Electric Control Units (PECUs)
 - What is meant by 'phases' for the BSC and Registration Systems (for example, that the Design – Build – Test – Deploy activities fall within one of the phases)

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- That there will be no route for correcting Settlement data outside of a Trading Dispute – for example, there will be no equivalent to the existing NHH Gross Volume Correction process under the TOM
- 4.15 The DWG reiterated that the TOM does not prescribe or block options for non-Settlement services, for example aggregating data for non-Settlement purposes or enabling third parties to access Settlement data. These fall outside the TOM and the appropriate governance/access rules would need to be developed separately.
- 4.16 ELEXON agreed to make these clarification in the DWG's final report to Ofgem.

ACTION 19/04

5. Agree key messages following consultation

- 5.1 Overall, the DWG agreed that the responses:
- Positively affirm its approach to the TOM transition
 - Require no changes to its transition approach, transition principles and PAF assumptions/principles, only some clarifications and presentational changes to the final report
 - Highlight that, while there is no consensus on whether the elective HHS process should be a formal stepping stone to the TOM under the SCR, any possible improvements to the elective HHS process should be considered and progressed through the existing BSC change process
 - Raise a variety of non-Settlement points for consideration by Ofgem under its wider SCR
 - Raise a variety of useful Settlement questions and points for consideration when developing the more detailed TOM design and transition plan
- 5.2 ELEXON agreed to publish a Newscast / website article thanking respondents and highlighting the key messages that the DWG has taken from the consultation, as set out above.

ACTION 19/05

6. Agree final transition approach and any 'quick wins'

- 6.1 As above, the DWG agreed that no changes were required to its transition approach. It discussed whether there were any 'quick wins' that could/should be progressed under the normal Industry Code change processes, potentially after discussion by the proposed new TOM workgroup.
- 6.2 Ofgem advised that a 'quick win' in this context would be a change that benefits the current Settlement arrangements and also facilitates MHHS. If the change would have no benefit to current Settlement and would only be progressed for MHHS, then this would be dependent on the Full Business Case and would need to wait for that decision under SCR governance. The DWG noted that this is important to consider, as Ofgem has the ability to subsume changes into its SCR if there is a dependency.
- 6.3 ELEXON advised that a 'quick win' would be something that is progressed before Ofgem makes its Full Business Case decision. This is therefore distinct from activities that may be prioritised to occur early during transition, but which would only take place after the Full Business Case decision.
- 6.4 The DWG discussed the following potential quick wins:
- Improving the elective HHS arrangements (see item 4 above)
 - Asking the TDC to look at introducing a ratcheted materiality threshold for Trading Disputes now, rather than waiting for MHHS
 - Moving NHH MPANs with Advanced Current Transformer Meters into the existing HH arrangements
 - Introducing a consumption threshold above which UMS customers would be required to be settled HH

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- Requiring Suppliers to collect smart Meter readings at least monthly for Settlement purposes (or alternatively asking the PAB to consider how this could be incentivised)
- Increasing the GSP Group Correction Factor Scaling Weights on Export, to encourage more frequent reads into Settlement
- Amending the NHH Export defaulting arrangements to estimate a zero advance where no Meter readings are available (to align with the HH arrangements)

- 6.5 The DWG agreed that the first two met the criteria for a quick win and recommended that these are progressed. However, it could not agree whether the remaining areas met the criteria. Some members considered that they may benefit current Settlement, but that it is difficult to say whether this benefit would outweigh the implementation costs to participants. The DWG agreed to document the suggestions in its final report, noting that these could potentially be considered by any further TOM workgroup. However, some members were concerned that the effort involved in considering these could distract the group from the work needed on the TOM.
- 6.6 ELEXON agreed to document the above discussion in the report and pass the recommendation on the Dispute materiality threshold to the TDC.

ACTION 19/06

7. Structure of final Stage 2 report

- 7.1 ELEXON [presented](#) its proposed structure for the DWG's final report to Ofgem.
- 7.2 The DWG had no comments.

8. DWG18 [Headline Report](#) and actions

- 8.1 ELEXON advised that it has still to meet with St Clements under Action 18/01, but that all other actions have been completed.
- 8.2 On Action 16/02, ELEXON advised that it has held discussions with EDF about their concerns over the tariff impacts of removing Standard Settlement Configurations. It recommends that any further TOM workgroup considers whether new Industry Standing Data is required.
- 8.3 Some DWG members noted that this is not a Settlement issue and considered that it may be better resolved outside the BSC. ELEXON noted that the proposed TOM workgroup would have a cross-code perspective and could consider the best solution even if it does not become a TOM requirement.

9. Summary and next steps

- 9.1 ELEXON confirmed that it will circulate a draft of the final report to the DWG as soon as possible before the next meeting.

Action 19/07

- 9.2 The next DWG meeting will be on Wednesday 21 August 2019, to review and agree the report contents. ELEXON will then submit the DWG's final report to Ofgem by the end of August 2019.

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ACTIONS UPDATE

Actions on ELEXON:

16/02 – ELEXON to discuss further with Paul Saker / Andy Jones whether creating additional Load Shape Categories (e.g. Economy 7) would resolve the tariff concerns created by removing Standard Settlement Configurations. ELEXON to revisit this with the DWG once it has Ofgem's policy decision on Data Access / Privacy – Closed – See item 9 above.

18/01 – ELEXON to meet with St Clements to discuss the Registration Service interactions between Faster Switching and the TOM, noting that the DWG assumes that Faster Switching (including the new Central Switching Service) will be implemented before the TOM – Open – ELEXON is arranging a meeting.

18/02 – ELEXON and Ofgem to discuss the inclusion of the overall SCR timeline in the transition consultation document – Closed – ELEXON and Ofgem agreed to remove this from the consultation document.

18/05 – ELEXON to issue the transition consultation on 7 June 2019 – Closed – Consultation issued on 7 June.

19/01 – ELEXON to consider re-publicising its guidance notes on microgeneration and Import Export Metering Systems through Newscast – Open – see item 2 above.

19/02 – ELEXON to pass the transition consultation responses to the PAB and TDC, highlighting the responses to Questions 3, 9 and 10 as well as any comments about Qualification – Open – See item 4 above.

19/03 – ELEXON to ensure that the DWG's final report sets out the outstanding areas of lower-level detail that still need to be considered under the TOM design, whether by the PAB, TDC or further TOM workgroup – Open – See item 4 above.

19/04 – ELEXON to make the clarifications to the DWG's report as agreed at DWG19 – Open – See item 4 above.

19/05 – ELEXON to publish a Newscast / website article thanking respondents to the transition consultation and highlighting the key messages that the DWG has taken from the consultation, as set out in the DWG19 Headline Report – Open – See item 5 above.

19/06 – ELEXON to document the DWG's discussion on quick wins in the report and pass its recommendation on the Dispute materiality threshold to the TDC – Open – See item 6 above.

19/07 – ELEXON to circulate a draft of the final report to the DWG as far as possible in advance of DWG20 – Open.

Actions on other members:

18/04 – DWG members to provide any final comments to ELEXON on the transition consultation document by 4 June 2019 – Closed – Comments received from three DWG members and Ofgem.