

HEADLINE REPORT

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

Meeting number 20

Date of meeting 21 August 2019

Purpose of paper Information

Classification Public

Synopsis Summary of the twentieth DWG meeting and actions.

1. Introduction, apologies and meeting objectives

1.1 ELEXON introduced the twentieth DWG meeting, noting that this was the group's final meeting. The meeting objectives were to:

- Review and agree the content of the DWG's final report, for submission to Ofgem at the end of August
- Note the progress of Ofgem's wider Significant Code Review (SCR) and the planned next phase of work

2. Review new content in final report:

2.1 The DWG reviewed the content of the draft report, focusing on the new content that it had not reviewed previously as part of its [preferred Target Operating Model \(TOM\) report](#) or its [transition approach consultation](#). The DWG agreed a variety of edits to the document. The summary below captures the substantive comments by section.

Executive summary

2.2 The DWG agreed that:

- The reference to the DWG's Stage 1 report needs amending, as the link is to the preferred TOM report (which was part of Stage 2)
- Under 'The DWG's recommended TOM', the second sentence should be amended to read 'Most Advanced Meters in the current NHH sector will be settled in the Advanced Market Segment and over time are expected to be replaced with a smart Meter'
- In the same section, the report should also note the minority DWG view on the preferred TOM
- The reference to Qualification in the second bullet under 'Summary of transition approach' should be reworded to 'Qualification of new TOM services'
- The final bullet in that section should be split into two and reworded as:
 - 'Cutover to the TOM once certain preconditions are met'
 - 'Cutover to the new Settlement timetable once certain preconditions are met'Any similar wording later in the report should also be reworded accordingly
- Under 'Next steps', the wording should be clearer that any quick wins would be progressed through the normal, 'business as usual' change process

Other SCR work streams and further work required

2.3 The DWG agreed that:

- The two subsections giving the detail on the Ofgem policy decisions should be deleted

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- In the final paragraph under 'Further TOM work required', a cross-reference should be added to the later section on 'Potential 'quick win' changes and areas for further consideration' – as this sets out the DWG's recommended areas for consideration by any successor workgroup

DWG timeline

2.4 The DWG agreed that:

- An explanation of the Gantt chart needs including and it should be moved to an appendix, changing it to landscape format if possible

Summary of the DWG's preferred Target Operating Model

2.5 The DWG agreed that:

- The paragraph under the bullets should be clear that the Load Shaping Service uses Settlement Period-level data from smart Meters plus estimation
- A list of the impacted Industry Codes should be added

DWG'S discussion of the consultation responses on its preferred TOM

2.6 The DWG agreed that:

- Under 'Clarifications arising from the consultation', the following should be amended:
 - Change the first bullet to read 'BSC Central Settlement Services performing aggregation for Settlement purposes does not prevent...'
 - Change the third bullet to 'A new DCC user role and any associated Smart Energy Code (SEC) obligations will be needed...'
 - Change the 'will' to 'may' in the fifth bullet and add 'or vice versa'
 - Change the sixth bullet to read 'because this is being looked at separately by two in-progress BSC Modification Proposals'
 - In the discussion about Standard Settlement Configurations, remove the word 'all' from 'all customers' and add a link to the DWG's further discussion in this area as captured in the later section on 'Potential 'quick win' changes and areas for further consideration'

Summary of the DWG's recommended transition approach

2.7 The DWG agreed that:

- The pre-requisites for starting transition should be summarised in this section of the main report
- Under 'Summary of approach', the second paragraph can be deleted as the report explains the TOM market segments earlier on
- The first and third paragraphs in this section should be checked to see if they also duplicate earlier content and, if so, removed

'Potential 'quick win' changes and areas for further consideration'

2.8 The DWG agreed that:

- Under 'Quick wins', the first paragraph should be reworded to read 'The DWG has considered whether to recommend that any 'quick wins' should be progressed under the normal industry Code change processes, rather than waiting to be directed by Ofgem after its Full Business Case decision'
- In the same section, the last sentence of the second paragraph should be amended to 'The DWG notes that there is nothing to prevent industry Parties from raising changes under the normal change process, but that Ofgem has the ability to subsume changes into its SCR if there is a dependency'

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- On the potential quick win of moving existing Non Half Hourly (NHH) Meter Points with Advanced Meters to Half Hourly (HH) Settlement, a reference/link to the Performance Assurance Board's recent discussion of this should be added to the report (if this discussion is in the public domain)
- In the second sentence of the second paragraph under 'Areas for further consideration', the reference to 'any further TOM workgroup under the SCR' should be reworded to read 'any further SCR workgroups'
- In the same section, an extra bullet should be added on 'Identification of appropriate interfaces with BSC Central Services' – to complement the existing bullet on interfaces with Data Services and Registration Systems
- The report should clarify that the list of areas for further consideration is not intended to be exhaustive
- A sentence should be added to the start of the last paragraph on SSCs, reading 'There may be other, consequential, non-Settlement areas to consider'

Report attachments

2.9 The DWG agreed that:

- A table of respondents should be added to the two consultation summaries in Attachments A and B
- The numbers should be removed from the 'key themes' in the TOM consultation summary

3. Next steps and timescales for submitting report

3.1 ELEXON agreed to make the above changes and send the updated draft report to the DWG by 17:00 on Tuesday 27 August for members to review by 12:00 (midday) on Thursday 29 August. ELEXON will then submit the report to Ofgem by 17:00 on Friday 30 August.

Actions 20/01, 20/02 and 20/03

4. Ofgem SCR update:

Request for Information (RfI)

- 4.1 Ofgem advised that it has published its [RfI](#), with responses due by 7 October 2019.
- 4.2 The DWG noted that the RfI asks stakeholders to assume that Ofgem will be making its Full Business Case decision on Market-wide Half Hourly Settlement (MHHS) in Quarter 3 2020, with an implementation timeline of 2-4 years. Ofgem advised that it will be providing updated guidance shortly on what it means by 'implementation'.
- 4.3 Ofgem also confirmed that it will be updating its RfI Frequently Asked Questions as it receives any further questions. It will hold an RfI stakeholder event at ELEXON on 16 September 2019, which will include a section on the TOM as well as more detail on policy including data and consumer issues. Ofgem is also happy to answer any questions on the RfI directly.

Next phase of work after DWG concludes

- 4.4 Ofgem noted that it intends to stand down, but not formally disband, the DWG after it submits its final report. This means that Ofgem could later reconvene the group if needed.
- 4.5 Ofgem advised that it plans to publish draft Terms of Reference shortly for the following two workgroups:
- Code Change and Development Group (CCDG): A successor industry group to the DWG, focusing on fleshing out the TOM design, identifying the necessary Industry Code changes and overseeing production of legal text by Code Administrators – to be chaired and supported by ELEXON.
 - Architecture Working Group (exact name TBC): Ofgem is still considering the scope, membership and deliverables of this group.

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Ofgem clarified that it will publish both draft Terms of Reference for comment, alongside invites for membership applications. Its current intention is to hold the groups' first meetings in October 2019.

- 4.6 The DWG noted the draft CCDG Terms of Reference provided to members. Members considered that the invite for applicants should give a clearer idea of the resource commitment required, timescales involved and expertise sought.
- 4.7 Ofgem and ELEXON clarified that not all members of the new group would need to be expert in all areas – the idea is to get collective coverage across the impacted Industry Codes, with support from other Code Administrators and other experts as required. The draft Terms of Reference give flexibility to work outside of meetings, convene subgroups and invite additional attendees if/as needed. CCDG members would not be expected to draft legal text. Legal drafting would ideally be undertaken by ELEXON (for the BSC) and other Code Administrators for the CCDG's review. ELEXON confirmed that it envisaged the CCDG's focus being Settlement processes, and consequential changes to other Codes and arrangements, and that key industry-facing subsidiary documents like BSC Procedures (BSCPs) were in scope. ELEXON noted that there would be dependencies between the CCDG's outputs and those of the Architecture Working Group.
- 4.8 A DWG member considered that, given the amount of work involved, one meeting a month would be insufficient. They also considered that a single workgroup was unlikely to have enough expertise in all the areas needed. They suggested that multiple subgroups should be established now, potentially mapping to the different TOM market segments, so that industry participants could volunteer for specific subgroups. ELEXON noted that it would prefer the CCDG to have the flexibility to decide on the best approach to achieve its deliverables, once its core membership is known.
- 4.9 The DWG noted that there is currently no end date on the CCDG's work. Ofgem confirmed that the group would run until, and potentially beyond, its Full Business Case decision. ELEXON suggested that the CCDG's first deliverable could be a work plan for Ofgem's approval. DWG members suggested that there may need to be other interim deliverables to Ofgem, while avoiding the risk of diverting the group's resources/attention with multiple reports.
- 4.10 A DWG member considered that there are other important areas, outside of these groups' remit, which require discussion and clarification – for example, billing and customer experience. The member welcomed clarity from Ofgem on the appropriate forum for these industry discussions. The DWG agreed that these would not fall within the scope of the CCDG.

5. **DWG19 [Headline Report](#) and actions**

- 5.1 ELEXON confirmed that it had received no comments on the DWG19 Headline Report.
- 5.2 ELEXON noted that the majority of actions have been completed and that it is still trying to arrange a meeting with St Clements under Action 18/01.

6. **Summary and next steps**

- 6.1 ELEXON noted that, in submitting its final report, the DWG will have discharged its Terms of Reference as set by Ofgem.
- 6.2 ELEXON and Ofgem thanked DWG members for their contribution to the group over the last two years, noting the significant amount of work that the DWG has achieved in this time.

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ACTIONS UPDATE

Actions on ELEXON:

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 has re-contacted St Clements to arrange a meeting and is awaiting a response.

19/01 – ELEXON to consider re-publicising its guidance notes on microgeneration and Import Export Metering Systems through Newscast – Closed – ELEXON highlighted the latest Smart Export Guarantee guidance and its own guidance in Newscast on 19 August 2019. It is considering whether any further changes are needed to its guidance.

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 – Closed – ELEXON passed these to its PAB/TDC Chairmen and internal PAF team on 20 August 2019.

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 – Closed – ELEXON included these in the draft report for review at DWG20.

19/04 – ELEXON to make the clarifications to the DWG’s report as agreed at DWG19 – Closed – ELEXON included these in the draft report for review at DWG20.

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 – Closed – Published in Newscast on 12 August 2019.

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 – On-going – ELEXON included this in the draft report for review at DWG20, and will pass the DWG’s recommendation to the TDC shortly.

19/07 – ELEXON to circulate a draft of the final report to the DWG as far as possible in advance of DWG20 – Closed – Circulated on 2 August 2019.

20/01 – ELEXON to make the changes to the report as agreed at DWG20 and send the updated draft to DWG members by 17:00 on 27 August 2019 – Closed – Circulated to DWG on 27 August 2019.

20/02 – DWG members to provide any final comments on the report to ELEXON by 12:00 (midday) on Thursday 29 August 2019 – On-going.

20/03 – ELEXON to incorporate any final DWG comments and submit the report to Ofgem by 17:00 on Friday 30 August 2019 – On-going.