

CONSULTATION ON THE DWG'S TARGET OPERATING MODEL FOR MARKET-WIDE HALF HOURLY SETTLEMENT

CONSULTATION RESPONSE TEMPLATE

Respondent Information		
Name of Respondent	Steve Kirkwood	
Name of Company	Energy UK	
Type of Company	Trade Association	
Contact Details	Steve.kirkwood@energy-uk.org.uk	0207 747 2931
Confidential Y/N	No	

Please email your response to dwgsecretary@elexon.co.uk by 5pm on Friday 15 March 2019, using the subject line 'DWG TOM consultation response'.

Please use this Word response form where possible, to make it easier for the DWG to identify and summarise views. To help the DWG understand your response, please provide supporting reasons for your answers.

Please mark clearly if any aspect of your response is confidential. Any information marked as confidential will not be published by ELEXON or considered by the DWG, but will be shared with Ofgem. We encourage you to provide non-confidential responses where possible to inform the DWG's discussions.

Who can I contact with any questions?

ELEXON's MHHS team will be happy to help. Please email them at dwgsecretary@elexon.co.uk.

How do I link the consultation questions to the report content?

The basis for this consultation is the DWG's report to Ofgem on its recommended TOM.

Below we show which sections of the DWG's report contain the information relevant to each consultation question.

Question 1	Do you agree with the DWG's recommended TOM as a basis for delivering Market-wide Half Hourly Settlement? <i>Please list any elements that should be changed or improved.</i>
Relevant report sections: Executive Summary, Introduction, Section 2 'Scope, design approach and the future role of the Supplier', Section 5 'Overview of the DWG recommended TOM', Section 6 'Service Overview (Summary Guide)', Attachment A 'Detailed TOM Service and Data requirements'	
Answer: Yes	

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Overall, Energy UK agrees with the DWG's preferred TOM as a basis for delivering market-wide half-hourly settlement.

However, Energy UK believes that the smart data collection role within the TOM does not give full consideration to the interlinkages between settlement and billing data. As validated data will not be provided to suppliers, they would have to interrogate the data separately for billing purposes, creating inefficiencies and extra costs. We believe it is important for the interlinkages between settlement and billing to be considered, so as to retain alignment and avoid disparities.

The TOM will only work effectively, and better than the current arrangements, where there is a high penetration of communicating smart meters with half-hourly data available. Consideration should be given to the questions this raises for the business case for change and the overall implementation of the TOM, and the relationship that the progression of market-wide settlement reform will have with the progress of the smart meter rollout.

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Question 2	Do you agree that the DWG has identified the correct TOM, taking into account Ofgem's 'least-regrets' policy steers?
Relevant report sections: Section 1 'The Vision', Section 3 'TOM Design Principles and Strategic Objectives', Section 4 'Ofgem policy development', Attachment B 'DWG's development of the TOM'	
Answer: Yes	

Question 3	Do you agree that the TOM captures all essential Settlement processes?
Relevant report sections: Section 5 'Overview of the DWG recommended TOM', Section 6 'Service Overview (Summary Guide)', Attachment A 'Detailed TOM Service and Data requirements'	
Answer: Yes	
Energy UK agrees that the TOM captures all essential Settlement processes. However, as noted in our response to Question 1, the preferred TOM ignores how other intrinsically linked non-settlement aspects, such as billing, could be incorporated to produce market-wide efficiencies in data services.	

Question 4	Do you agree that the DWG has identified all the required data to be processed by the three Data Services (Smart Data Service, Advanced Data Service and Unmetered Supplies Data Service)?
Relevant report sections: Section 6 'Service Overview (Summary Guide)', Attachment A 'Detailed TOM Service and Data requirements'	
Answer: Yes	

Question 5	Do you agree that the TOM does not hinder new market entrants, technologies and innovations?
Relevant report sections: Introduction, Section 2 'Scope, design approach and the future role of the Supplier', Section 5 'Overview of the DWG recommended TOM', Section 6 'Service Overview (Summary Guide)'	
Answer: Yes	
Energy UK cannot see any undue hindrance for new market entrants, technology and/or innovations that would be	

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introduced by the TOM.

Question 6 Do you agree that the DWG's reduced Settlement Timetable is appropriate and achievable in the Target End State? Please identify any constraints that you believe are relevant.

Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM'

Answer: Yes

Energy UK agrees that the TOM could work within the Settlement Timetable as set out in Section 8. However, it is too early for a full assessment of its appropriateness or reasonableness to be undertaken.

Question 7 Do you agree with the DWG that participants should be able to correct Settlement Errors after the Final Reconciliation Run through Trading Disputes, and for at least 12 months after the Settlement Day (subject to an appropriate materiality threshold)?
Please identify the number of months and materiality threshold you believe are appropriate and why.

Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM'

Answer: Yes

Question 8 Do you agree that there are overall cost benefits to Parties from the reduced Settlement timetable? *Please identify any enduring cost implications of the proposed timescales.*

Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM'

Answer: N/A

Energy UK agrees that there is potential for there to be overall cost benefits to Parties from the reduced Settlement timetable outlined in Section 8. However, as noted in our response to Question 6, we believe that it is too early to determine any overall cost benefits, which will also be dependent upon how it is ultimately implemented.

Question 9 Do you agree with the nine transition principles that the DWG intends to follow when developing its approach?

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Relevant report sections: Section 10 'High level development of transitional approach'

Answer: Yes

Energy UK agrees with the nine transition principles.

Question 10 Do you have any views on the areas of design detail for further consideration?

Relevant report section: Appendix B Areas of design detail where the DWG recommends further consideration (Page 19).

Answer: Yes

Energy UK believes that further consideration should be given to the optimal way to share the required large volumes of data, which might not be met by traditional data flows.

Question 11 Do you have any further comments?

Answer: No