



Submitted by email to
dwgsecretary@elexon.co.uk

SSE
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15th March 2019
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Dear DWG Secretary,

We have responded on headed letter, as found issues trying to use the response file from the website.

Re Recommended TOM – DWG TOM Consultation.

We welcome the opportunity to respond to this Design Working Group (DWG) consultation on the final recommended Market-wide Half Hourly Settlements (MwHHS) Target Operating Model (TOM).

We note that the DWG made this recommendation within the confines of the OFGEM “least regret’s steer” and with outstanding policy decisions, but that the TOM has been designed to be agnostic of Market Role, architecture, data design/transfer mechanisms and should fit within the final regulatory framework put in place.

Using the TOM as the new Settlement regime will only be more effective, efficient and accurate where there is a high penetration of communicating smart meters where the Customer agrees to allow access to Half-Hourly Settlement data.

We have provided responses to the consultation questions in Annex 1 and if you have any questions or comments, please do not hesitate to contact me (claire.hemmens@sse.com).

Yours sincerely,

Claire Hemmens
SSE Regulation – Codes



Annex 1: SSE response to the DWG MWHHS TOM consultation questions.

Question 1. Do you agree with the DWG's recommended TOM as a basis for delivering Market-wide Half-Hourly Settlement?

We agree, it is appropriate.

Question 2. Do you agree that the DWG has identified the correct TOM, considering Ofgem's 'least-regrets' policy steers?

Yes.

Question 3. Do you agree that the TOM captures all essential Settlement processes?

Yes we believe it has captured all the essential SVA settlement processes.

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)?

Yes

Question 5. Do you agree that the TOM does not hinder new market entrants, technologies and innovations?

Within the confines of the metering & system technology estate implemented, the new TOM is built to be flexible enough that there are no obvious barriers.

When considering how fast technology moves on and potential for in half hour services, we note that it is will be the constraints of the end to end system which would prohibit management via the Settlement regime.

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.

We agree that it is an appropriate aspiration to reduce the Settlement Timetable.

We believe moving to an appropriate timetable relies on several prerequisites, including a high level of data coverage over all segments and data to verify what is achievable. Otherwise, a new aggressive timetable might reduce Supplier Credit Cover requirements but introduce other risks and process requirements which negate the reduction overall.

We believe the timetable is better reviewed and determined when more information is available on the number of Customers for whom Suppliers could use actual readings and evidence that HH can always be completed within 4 months. Looking at the existing HH market we believe the volume of estimated data is far greater at Day +7 (proposed SF) than it is at Day +15 (current SF). We believe that the end state final timetable should be looked with an understanding of how the current AMR/Smart would perform against the current timetable and assess performance to understand what will stimulate an improvement within the existing HH segments to change performance. Thus, determining an appropriate timetable



with empirical data, before moving to untested short timescales for SVA/CVA Settlement.

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.

We believe this needs assessment, as it will depend on the read, metering and registration errors identified and how easily (with the new market arrangements being implemented via various other industry programmes) these can be managed by parties for timely and successful resolution. Meeting the 12 months is partly dependent on what Transition arrangements are determined.

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.

There is potential that the affect overall is neutral, reducing processing time for the existing process, but requiring new processes to manage any exceptions in retrieval/reading and processing, which will be new to the new regime. It may be that the Supplier's requirement for Credit Cover is reduced, but that there is more risk introduced later in the process which may move associated costs to cover these new risks.

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

Looking at the High-level transition principles we agree with them.

We seek confirmation that "Principle 7" does not mean "each meter". The existing market data/physical relationship between MPAN and Meter is not always a "one to one" relationship. Therefore, please could this principle be reviewed, with confirmation whether it will apply per meter or per MSID, to enable Suppliers to apply to principle to the right permeation.

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

No

Question 11. Do you have any further comments?

Using the TOM as the new Settlement regime will only be more effective, efficient and accurate where there is a high penetration of communicating meters and where the Customer agrees to allow access to Half-Hourly Settlement data.