

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

CONSULTATION RESPONSE TEMPLATE

Respondent Information		
Name of Respondent	Kevin Woollard	
Name of Company	British Gas	
Type of Company	Supplier	
Contact Details	Kevin.woollard@centrica.com	07979 563580
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 Any information marked as confidential will not be published by ELEXON or considered by the DWG, but will be shared with Ofgem.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	
<p>We support the DWG's recommended TOM as the rationale presented has followed the terms of reference. It is noted that the recommended TOM sets out the end – to end Market design for the target end state, when the majority of meters will be smart.</p> <p>We believe that careful consideration should be given to the transitional arrangements and the appropriate Performance Assurance Framework techniques applied, to ensure that there is no detrimental impact to the integrity of settlement.</p>	

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

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	
<p>We agree that the DWG has identified the appropriate TOM, taking into account the 'least-regrets' policy steer from OFGEM.</p> <p>It is noted that other decisions such as access to data may not materially affect the TOM design at this time, and we strongly believe it is important to design a settlement regime that works in the interest of most customers.</p> <p>Our position on access to data shared during the "Access to half-hourly electricity data for settlement purposes" consultation remains consistent and we consider mandatory to be the most effective option.</p>	

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	
<p>The DWG appear to have captured all essential Settlement processes at a higher level. Detailed verification of this would be a key recommendation during future stages of its delivery.</p>	

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	
<p>We have not identified any data required to be processed by the three data services in addition to those described in the consultations.</p>	

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

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)?
------------	--

We note that the detailed processes for Settlement will be considered in future stages and will defer making a final answer until those are issued for consultation.

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

We are not aware of any new market entrant, technologies or innovations that would be impeded by the recommended 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: Neutral

Whilst in principle we accept there could be benefits to the industry in reducing the settlement timetable we note that there has not yet been any robust economic analysis carried out. This analysis need to be based on a variety of scenarios to enable industry to assess the likely impact of the change.

This proposal will effectively change the way the market cost base operates and parties need to be able to assess any impacts before any change is implemented.

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

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

Answer: Yes

We agree in principle that participants should be able to correct errors after the Final Reconciliation Run through Trading disputes. The timescale suggested after the RF run requires further evidence to be reviewed before making an informed choice.

The suggestion of at least 12 months after the Settlement Day is a reasonable principle to resolve any material errors that may remain undetected for a long time.

We support the DWG's/Elexon's position to feed this back to the Performance Assurance Review for consideration and to confirm to what extent the Performance Assurance Framework review is considering the Dispute process.

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: Neutral

Whilst we agree in principle that there are overall cost benefits to parties from the reduced Settlement timetable we note that this is fundamental change to the settlement calendar. Our recommendation is that further analysis is shared for consultation so that the industry can determine a comprehensive view of the opportunities and risks involved before a final decision is reached.

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

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

Answer: Yes

We are supportive of the 'High level transition principles' and 'Transition pre-requisites' that the DWG intends to follow. A suggestion would be to work in close unison with the Performance Assurance Framework review to

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

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

ensure that there shall be appropriate monitoring, reporting and enforcement of participant' progress during the transition period.

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/No (delete as appropriate)

Please provide your comments here

Question 11	Do you have any further comments?
-------------	-----------------------------------

Answer: Yes/No (delete as appropriate)

Please provide your comments here