

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

CONSULTATION RESPONSE TEMPLATE

Respondent Information		
Name of Respondent	Matt Young	
Name of Company	Drax Group (on behalf of Haven Power and Opus Energy)	
Type of Company	Supplier	
Contact Details	Matt.Young@drax.com	
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 Any information marked as confidential will not be published by ELEXON or considered by the DWG, but will be shared with Ofgem.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/ No (delete as appropriate)	
We agree that the recommended TOM would provide a basis for delivering MHHS. The Separation of Advanced and Unmetered services from the smart & non-smart services is a sensible approach due to there being minimal requirements to amend existing processes. Combined retrieval and processing services for smart & non-smart meters allows a process to cover the small percentage of non-smart remaining following the Smart meter rollout. The non-centralisation of agent functions allows for competition in procurement of these services (including new	

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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>
market entrants). The ability for BRPs to provide their own services also opens the door for innovation and future developments.	

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/ No (delete as appropriate)	
Attachment 'B' of the DWG's Stage 2 report has set out a clear rationale on how it has applied Ofgem's policy steers in arriving at the final preferred TOM. E.g. the decision to rule out TOM E due to this incorporating centralised supplier agent functions.	

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/ No (delete as appropriate)	
Yes, all essential settlement processes are captured.	

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/ No (delete as appropriate)	
Yes, all required data has been identified.	

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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/ No (delete as appropriate)	
Yes, we agree that the TOM does not hinder new market entrants, technologies and innovations.	

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/ No (delete as appropriate)	
<p>Providing that a very high % of smart meter data is accessible, and non-smart data is sufficiently and accurately 'shaped' to provide SP level data, then the reduced settlement timetable should be realistic. However, PAF targets would need to be reviewed and data retrieval issues should be taken into account during the transitional stage.</p> <p>In the longer term, providing SP level data is available and timely, the reduced timetable should be both appropriate and achievable.</p>	

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)? <i>Please identify the number of months and materiality threshold you believe are appropriate and why.</i>
Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM'	
Answer: Yes/ No (delete as appropriate)	
Accuracy and availability of SP level data will ultimately influence the requirement and length of a trading dispute window following RF.	

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Question 8	Do you agree that there are overall cost benefits to Parties from the reduced Settlement timetable? <i>Please identify any enduring cost implications of the proposed timescales.</i>
Relevant report sections: Section 8 'Settlement timetable', Attachment B 'DWG's development of the TOM'	
Answer: Yes/ No (delete as appropriate)	
<p>Potential cost benefits from reduced credit cover requirements have been identified as part of a reduced settlement timetable. However, as identified in the DWG report, it is unclear at this stage whether the costs associated with increased read frequencies and detection/resolution of errors could outweigh the potential cost savings. Therefore, we feel this should be considered accordingly.</p> <p>Specifically, a move to 5-7 working days from 16 for SF would potentially see an increase in costs to suppliers, as those sites which have communications issues would require an agent to be sent to obtain data weekly, rather than fortnightly.</p>	

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/ No (delete as appropriate)	
No further required principles identified at this stage	

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)	
None further at this stage	

Question 11	Do you have any further comments?
Answer: Yes /No (delete as appropriate)	
None further at this stage	