

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

## CONSULTATION RESPONSE TEMPLATE

Respondent Information		
Name of Respondent	Jonathan Moore	
Name of Company	ENGIE Power Limited	
Type of Company	Supplier	
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Confidential Y/N	N	

Please email your response to [dwgsecretary@elexon.co.uk](mailto: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**Please mark clearly if any aspect of your response is confidential.** Any information marked as confidential will not be published by ELEXON or considered by the DWG, but will be shared with Ofgem.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](mailto: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	
<i>We are happy with most aspects of the recommended TOM. However we would have preferred to see a de-centralised aggregation service, particularly in the Advanced area. We believe that this would have allowed for a more specialist service in the area of the market where the larger consuming sites with a bigger risk to settlement accuracy are contained.</i>	

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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	
<i>See comments for question 1</i>	

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	
N/A	

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	
N/A	

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	
<i>The TOM provides for the changing role of the supplier and allows space for the new innovations.</i>	

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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: No	
<p><i>We have concerns that moving RF to 4 months from 14 months will have a detrimental impact on the quality of settlement, with this being a particular risk for larger consuming Advanced sites.</i></p> <p><i>In the event of a communication or meter fault for very large sites, 4 months is often not long enough to source equipment and arrange access / shut downs. In these instances, sites can be settled on estimates for long periods of time with the estimates being revisited when faults are resolved. In many instances the estimates need to be amended by a material amount well past the 4 months proposed by the DWG.</i></p> <p><i>There are also instances where events such as incorrect CT ratios or incorrect complex mapping rules being applied etc. where actual data provided could be significantly inaccurate. These instances often need corrections well past the 4 months suggested for RF and the 12 months suggested for the DF Run.</i></p> <p><i>Although these instances affect a small number of sites in the current Measurement Class C, the potential impact on settlement can be substantial.</i></p> <p><i>We are concerned that if the settlement timescales are radically shortened, Advanced customers billed on HH interval reads may be at risk of being billed to incorrect HH data or else suppliers risking large settlement imbalance charges which would increase their costs</i></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)? 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: No	
<p><i>We agree that some form of DF Run will be required. However, feel a reduction from a maximum of 20 months to 12 months will have a similar impact as described above in question 6.</i></p> <p><i>We would suggest maintaining the 14 months DF run and continuing to allow a 6 month extension in special circumstances.</i></p> <p><i>We do agree that the materiality threshold could be increased and would suggest a £10,000 threshold.</i></p>	

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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: No	
<i>We feel that parties (particularly those with large traditional HH portfolios) will see increased imbalance charges from reducing the settlement timescales.</i>	
<i>Further we feel that the cost for parties to process an increased number of Trading Disputes and ensure issues are resolved in the new timescales will further increase costs.</i>	

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	
N/A	

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: No	
N/A	

Question 11	Do you have any further comments?
Answer: No	
N/A	