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Justin Andrews
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5 July 2019

Dear Justin,

DWG CONSULTATION ON APPROACH FOR TRANSITIONING TO THE MHHS TARGET OPERATING MODEL

I write with our views on the transition to half hourly (HH) settlement. Our response form is attached with answers to the specific questions you have raised. In this letter I am setting out the wider context to our response as well as the key points we have made in the response form.

Summary

- **We broadly support the introduction of half hourly settlement.** It introduces an important step to ensure that truly cost reflective tariffs may be offered to customers. In this way, the opportunities and savings are freed up from the move to a smarter and more flexible energy system.
- **We agree with the phased approaches for BSC and Registration Systems** although detailed planning would be required for interface testing and systems 'go-live'.
- It would be prudent not to progress DNO system changes in respect of MHHS changes until post implementation of the Faster Switching arrangements. The interactions between the different significant code reviews need careful 'air traffic control' to minimise risk and maximise efficient delivery.
- **DNOs' UMSO functions may face difficulties in encouraging half Hourly (HH) unmetered supplies (UMS) customers to engage with the transition**, including for consolidating inventories as part of the transition - customers are not bound by the BSC and would not be obligated to adhere to the transition approach.
- Larger UMS customers are familiar with the market; however there are customers with smaller inventories that may have difficulty understand the changes. It would be useful to clarify the role of the UMS customers' suppliers in the transition.
- Arrangements for temporary and festive unmetered supplies will need to be considered as they utilise MPANs that are separate from those for the much larger street lighting inventories.
- We agree that the core critical path activities have been captured for the changes to the BSC Central Systems, although we have some concerns regarding impacts and potential consequences for other key industry systems.

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Ofgem and Elexon may be assured of our continued support for the programme and the other significant code reviews delivering change across the energy system. The RFI to be developed on the scoping call planned for 15 July 2019 will be helpful in identifying any further issues and affected systems. I hope you find this summary and our question responses helpful and we would be pleased to discuss them further should you wish.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jim Cardwell', with a stylized, flowing script.

Jim Cardwell
Head of Policy Development