

DWG CONSULTATION ON TRANSITIONING TO THE MHHS TOM

CONSULTATION RESPONSE FORM

Respondent information		
Your name	Paul Gath	
Your company	ElectraLink	
Type of company	SVA Network Service Provider	
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Confidential Y/N	<i>No</i>	

Please:

- Email your response to dwgsecretary@elexon.co.uk by **08:00 (8am)** on **8 July 2019**, using the subject line 'DWG transition consultation response'.
- Use this response form where possible to make it easier for the DWG to identify and summarise views.
- Provide supporting reasons for your answers to help the DWG understand your response.
- Identify clearly which, if any, aspects of your response are confidential. We will not publish any information marked as confidential, or share this with the DWG. However, Ofgem will see all responses in full. We encourage you to provide non-confidential responses where possible, to inform the DWG's discussions.
- Email ELEXON's MHHS team at dwgsecretary@elexon.co.uk with any questions.

The DWG will consider your responses and deliver its final report to Ofgem during summer 2019.

Question 1	Do you agree with the DWG's proposed mapping for Metering System types to Market Segments?
Please list any elements that should amended.	
Answer: No comment	
ElectraLink does not have anything to add to the DWG's proposed mapping for Metering System types to Market Segments.	

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Question 2

Do you believe it is feasible to use the elective HHS process to migrate significant numbers of MPANs to HHS as an interim step in the transition process?

Please identify what changes you believe would need to be implemented to use Elective HH as an interim step and/or any issues you have noted with the current elective process which are a barrier to using it as an interim step.

Answer: Yes

ElectraLink would recommend any 'interim step' that would enable the industry to realise the benefits of half-hourly settlement earlier than the timescales for mHHS, including the use of the existing elective HHS process. Given that the penetration of smart meters is still relatively low (circa 31% of sites have SMETS meters) and mHHS can only be implemented once a large proportion of smart meters have been installed, it may be worth considering whether eHHS measures could be employed sooner on those households with smart meters, so that the settlement system could begin realising the benefits of smart metering.

It is important to note that the current data transfer arrangements will be able to support the extension of eHHS. The Energy Market Data Hub (EMDH), managed by ElectraLink, is currently responsible for supporting elective HHS and existing settlement arrangements. The EMDH can continue to support significant numbers of MPANs transition to eHHS. The EMDH is a highly scalable platform, built on open source applications and hosted in a virtual cloud environment. This architecture enables ElectraLink to support changes in volume quickly and cost-effectively. As evidence of this scalability, ElectraLink successfully implemented an additional 20% capacity to support the recent growth in HHS traffic as a result of P.272 without raising the cost of the DTS to industry. The changes required to support P.272 were completed well ahead of P.272, in 2015, and within a 3-month period.

The technology that underpins the data transfer arrangements within the EMDH have been re-procured to enable the EMDH to better support emerging energy industry processes and models. The re-procured EMDH will be operational in Q1 2020 and designed to support multiple areas of industry change including faster switching, mHHS, and DNO to DSO transition. A product of this re-procurement will be the movement of the EMDH onto the public cloud to enable the EMDH to support the increased data transfer needs of mHHS. New technologies have already been added onto the infrastructure, such as Applications Program Interfaces (APIs) and data dashboard, and we will be adding an innovation platform for other technologies, such as blockchain or distributed ledger technologies, to connect to the infrastructure of the EMDH. The timelines for the transition of the EMDH are in line with the Programme; the competitive procurement process was completed early 2019 and the transition will be completed in Q1 2020.

Whilst the EMDH can support the transition to mHHS, there is likely to be a cost incurred by suppliers; therefore, it is important to ensure that these costs are not duplicated or 'regret spend', so a better understanding of the timelines and costs for implementing eHHS for a significant number of MPANs is needed before a complete assessment of the benefits can be made. ElectraLink would only recommend the approach of using elective HHS if the cost of doing so does not outweigh the benefits of moving these meters into half-hourly settlement.

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Question 3	Do you agree with the PAF Assumptions and Principles and that all the potential impacts on the PAF have been identified?
Please identify any omissions.	
Answer: No	
ElectraLink does not have anything to add on the PAF assumptions.	

Question 4	Do you agree with the phased approaches proposed for BSC and Registration Systems?
Please identify any issues and dependencies with the proposed approaches.	
Answer: Yes	
ElectraLink agrees that a phased approach is sensible where it reduces the overall risk and/or cost to the industry.	

Question 5	Do you agree with the phased approach proposed for the Smart and Non-smart Market Segment?
Please identify any issues and dependencies with the proposed approach.	
Answer: Yes	
<i>As per Question 4.</i>	

Question 6	Do you agree with the phased approach proposed for the Advanced Market Segment?
Please identify any issues and dependencies with the proposed approach.	
Answer: Yes	
<i>As per Question 4.</i>	

Question 7	Do you agree with the phased approach proposed for the Unmetered Market Segment?
Please identify any issues and dependencies with the proposed approach.	
Answer: Yes	
<i>As per question 4.</i>	

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Question 8	Do you agree that the critical path captures all the key activities and dependencies?
Please identify any omissions, issues and dependencies with the proposed approach.	
Answer: No	
<p>The critical path does not yet include the system architecture for mHHS, which we believe will be a key dependency for the program and a key factor in understanding the success of the transition. ElectraLink understands that the intention at this stage is not to include the data architecture; however, it is important to emphasise the impact that this could have on the transition, as the phased approach will be impacted by the data architecture, especially if actors are required to manage two systems simultaneously.</p> <p>Utilising existing systems will ensure that two systems are not running to support multiple and different processes. It will also reduce the costs of settlement and the number of critical pathways required to transition.</p> <p>ElectraLink can confirm that, as part of the transition of the EMDH, as outlined in question 2, the EMDH re-procurement has included the key mHHS data architecture requirements as a standard.</p>	

Question 9	Do you agree with the DWG's proposed approach for transitioning to the revised Settlement Timetable?
Please identify any issues with the proposed approach.	
Answer: Yes	
<p>ElectraLink supports the process of shortening the Settlement Timetable. With faster switching and new switching business models, such as automatic switching, it is likely that switching figures will rise which could result in multiple switches completed in one year. Shortening the timescales should reduce the impact on suppliers who are settling customers that have since moved to another supplier as well as the value of cash reserves held within the settlement process.</p>	

Question 10	Do you agree that the DWG's proposed Dispute Timetable and approach to materiality strikes an appropriate balance between shortening timescales and correcting material Settlement errors?
Please identify any issues or risks with the proposed approach.	
Answer: N/A	
<p>ElectraLink does not have anything to add on the DWG's proposed Dispute Timetable.</p>	

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Question 11	Do you agree that the DWG's proposed transition approach aligns with the nine High Level Transition Principles set out for the transition approach?
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Please identify any areas of the approach that do not align with the principles.

Answer: Yes, but with caveats.

Whilst we agree that the approach meets the nine High Level Transition Principles, the transition approach contains very little detail at this stage; therefore, as key components of the programme remain undefined, it is very difficult to say whether this approach will fully meet the nine High Level Transition Principles. We believe that more detail is needed to understand how the different transition approaches will be managed systematically.

ElectraLink agrees with the nine High Level Transition Principles and we believe that the ElectraLink support these through the continued use of the EMDH provision the system architecture to support the delivery of mHHS. ElectraLink can minimise impacts and risk of a phased approach by using the EMDH as the system architecture for mHHS to support data transfer and secure data access.

As the EMDH is currently the data transfer solution for settlement, including non Half-Hourly, elective Half-Hourly and Half-Hourly, the continued use of the EMDH will enable "different market segments to transition at different times", remove any technical barriers to making "HH settlement a 'one-way gate' ...while not creating "undue barriers to customers" and whilst removing any "dual processes". This will also reduce both the cost of running two systems in parallel and the risk of transitioning from one to the other. Moreover, the EMDH can support ELEXON with "monitoring, reporting and enforcement of participants' progress during transition" by providing centralised tracking of where participants are in the transition process.

ElectraLink believes that utilising existing systems will ensure that two systems are not running to support multiple different processes and that this will reduce the costs of settlement and the number of steps in the critical path required to transition.

Question 12	Do you have any other comments?
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Answer: Yes

ElectraLink has built into the EMDH a solution which is fit to support the evolving needs of secure data communication and secure data access required for the evolving needs of mHHS. This will present a low cost, low risk means of satisfying the communications needs of mHHS when the programme moves to the implementation phase and we look forward to discussing how to best achieve this with ELEXON and the rest of the market.