

# DWG CONSULTATION ON TRANSITIONING TO THE MHHS TOM

## CONSULTATION RESPONSE FORM

Respondent information		
Your name	Paul Saker	
Your company	EDF Energy	
Type of company	Supplier/Agent	
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Confidential Y/N	No	

Please:

- Email your response to [dwgsecretary@elexon.co.uk](mailto: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](mailto: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?
<b>Please list any elements that should amended.</b>	
Answer: Yes	

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Question 1	Do you agree with the DWG's proposed mapping for Metering System types to Market Segments?
<p>We agree that the mapping of for Metering System types to Market Segments is correct.</p> <p>When defining which Market Segment an individual Metering System resides in, the critical factors are the type of data that can be retrieved from a meter, and the mechanism for retrieving that data.</p> <p>The definition of Advanced Metering within the Target Operating Model (TOM) documentation needs to be made tighter and less ambiguous. The current definition aligns with that in the supply licence, but it is not specific enough to accurately categorise the type of metering equipment that is being referred to.</p> <p>The requirements for an Advanced Meter, as noted in the Glossary and in the Supply Licence, are that the meter must record half hourly (HH) data and make that available remotely. Based on this definition a SMETS compliant smart meter would meet the definition of an Advanced Meter; however these should definitely not be included in the Advanced segment. There is probably a common understanding that Advanced Meter refers to a CoP5/CoP10 compliant meter, in line with the definitions used as part of the AMR mandate for Profile Class 5 to 8 metering. This needs to be defined more explicitly.</p> <p>Similarly, a CoP5/CoP10 meter that does not support remote communications on an ongoing basis would need to be classified as a non-smart meter in the Smart and Non-smart Market Segment, rather an Advanced Meter. Settling such a meter on register reading data profiled using Load Shapes would be preferable to settling it on permanently estimated data in the Advanced Market Segment.</p>	

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?
<p><b>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.</b></p>	
<p>Answer: No</p> <p>Without a clear view of the TOM technical architecture and the data model it is impossible to determine whether the Elective HHS process could be used as an interim step in the transition process. In the absence a detailed technical view of the end state, there is a significant risk that any development undertaken to enable a significant number of MPANs to be settled using the Elective HHS process would be 'regret spend', and lead to unnecessary cost being borne by consumers.</p> <p>We do not believe that any specific or significant barriers currently exist to using the Elective HH process. It is not the complexity or the design of the process that constitutes a barrier to settling on an Elective HH basis, but whether there is a benefit to be derived from doing so. Outside of a wider settlement reform programme which will change behaviours across the market there has been little impetus for Suppliers to settle on an Elective HH basis. However, those that believe that they are able to derive some value from doing so are able to.</p> <p>We agree that some work may need to be done to ensure that the Change of Supplier process for Elective HH settled MPANs works more effectively than it does now, and to ensure that the choice made by their Supplier to</p>	

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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?
settle them on an Elective HH basis does not become a barrier to switching for those consumers.	

Question 3	Do you agree with the PAF Assumptions and Principles and that all the potential impacts on the PAF have been identified?
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### Please identify any omissions.

Answer: Yes

We agree with the PAF Assumptions and Principles. We have not identified any impacts on the PAF that have not been captured in the consultation; however this is not an area we have examined in detail.

We support the recommendation that access to performance information is considered in the design of the new TOM systems and processes. Access to accurate and timely data that provides a realistic and unbiased view of performance will be critical to monitoring and managing performance, both in the transition and in the target end state. As much as possible this reporting and monitoring should be centralised, and not reliant on individual market participants. This will improve flexibility of performance reporting as well as reducing cost.

Question 4	Do you agree with the phased approaches proposed for BSC and Registration Systems?
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### Please identify any issues and dependencies with the proposed approaches.

Answer: No

While we agree that the changes to the BSC and Registration Systems could be developed in a phased or 'agile' manner we do not see how the changes could be deployed into a live environment in a phased manner.

All of the changes required to the BSC and Registration Systems would need to be in place before transition to the TOM could commence; especially as the Smart Data Services (SDS) which are the most significantly 'new' part of the TOM would need to be able to interact with the BSC Central Systems (specifically the Load Shaping Service (LSS)) and the Registration Systems from day one of their operation. It is not clear how this 'phased' approach aligns with the content of the section of the document regarding the Critical Path for Transition, which states that the changes to BSC Central Settlement Services and the Registration Services are the first item on the Critical Path, and would need to be complete before migration to the TOM could commence.

Question 5	Do you agree with the phased approach proposed for the Smart and Non-smart Market Segment?
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### Please identify any issues and dependencies with the proposed approach.

Answer: Yes

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Question 5	Do you agree with the phased approach proposed for the Smart and Non-smart Market Segment?
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While we broadly agree with the phased approach proposed for the Smart and Non-smart Market Segment, we have the following concerns with this approach:

- As referenced in our response to question 4 it is not entirely clear how the phased transition to the new SDS will work, especially in regards to interactions between the SDS and the BSC and Registration Systems. Diagram 3 on page 23 of the consultation document states that the SDS will begin to access and process Settlement Period (SP) level data from Smart Metering Systems which will be passed to the LSS to allow load shapes to be produced, while at the same time those Metering Systems are still settled using existing NHH and HH supplier agents. This implies that an NHHDC and an SDS will need to be processing data for the same MPAN at the same time which would seem to create an issue; especially if Agent appointments are being driven by the Registration Systems. Further detail is required on exactly how this phasing will work in practice.
- As noted in the consultation document the phased approach creates the problem of dealing with MPANs that 'revert' from the new TOM arrangements to the existing NHH arrangements. As we are already seeing with the Elective HH process there are significant issues that occur when suppliers try and 'switch back' to NHH settlement from HH settlement on a Change of Supplier, especially because most of the data items that are used for NHH settlement (such as SSCs and TPRs) are not used for HH settlement and so can be 'lost' when MPANs are HH settled. While we agree that the phased approach would seem to be a logical approach and preferable to a 'big bang' cutover, it is reliant on a clear, robust and cost-effective mechanism for reverting to NHH settlement being developed.

Question 6	Do you agree with the phased approach proposed for the Advanced Market Segment?
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**Please identify any issues and dependencies with the proposed approach.**

Answer: Yes

We agree that the phased approach proposed for the Advanced Market Segment seem reasonable in principle, noting that issues relating to this approach may only be discovered when a detailed design is undertaken.

As noted in our response to question 1 it must be ensured that the definition of the meters included in the Advanced Meter Segment is clear. A phased transition proposed will only work where the meters are capable of providing consistent remote access to HH data.

The underlying assumption being made is that it should be relatively simple for Advanced Meters settled on an NHH basis to transition to the current HH processes, and then to the TOM. The experience of Modification P272 and the issues that continue to arise as a result would indicate that the process of undertaking a Change of Measurement Class (CoMC) for HH capable meters may not be that straightforward. The lessons learned from P272 will need to be incorporated into this element of the transition, and sufficient time will need to be given for this migration to occur.

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Question 7	Do you agree with the phased approach proposed for the Unmetered Market Segment?
<b>Please identify any issues and dependencies with the proposed approach.</b>	
Answer: Yes	
We have not identified any issues with the proposed approach to the Unmetered Market Segment.	

Question 8	Do you agree that the critical path captures all the key activities and dependencies?
<b>Please identify any omissions, issues and dependencies with the proposed approach.</b>	
Answer: Yes	
We have not identified any items that are clearly missing from the critical path at this stage.	

Question 9	Do you agree with the DWG's proposed approach for transitioning to the revised Settlement Timetable?
<b>Please identify any issues with the proposed approach.</b>	
Answer: Yes	
<p>We generally agree with the proposed transition approach, and especially the proposal to only cut over to the new revised Settlement Timetable once the TOM has been fully implemented.</p> <p>We would note, however, that there are a significant number of issues regarding the settlement processes that need to be resolved before the final settlement timetable and the transition to it can be finalised, including the targets that will need to be achieved at each settlement run, how Distribution Use of System (DUoS) charging will work, and how the Group Correction Factor (GCF) will be used to account for any inaccuracy, either in the metered HH data or in the data provided by GSP metering. We would prefer a transparent mechanism that corrects reported HH granular volumes at meter level (like GSPGCF) rather than the opaque smudging of volumes adjustments as used in unidentified gas.</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?
<b>Please identify any issues or risks with the proposed approach.</b>	
Answer: Yes	
A 'ratcheting' approach that requires error to reach an increasing level of materiality depending on the timeliness	

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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?
<p>of identifying the error seems to strike a reasonable balance between shortening timescales and correcting material errors.</p> <p>We are, however, concerned that this approach implies that errors that are not material enough to trigger a dispute are effectively unresolvable once they have crystallised, and that the impacts of this have not been fully considered. As noted in our response to question 9 it is not year clear how the GCF will work and how errors in metered data will be accounted for.</p> <p>We would note that a mechanism currently exists within the NHH settlement arrangements that enables recovery of mis-settled energy (the Gross Volume Correction (GVC) process) that is not material enough to trigger a dispute; although this process itself has a distortive impact on the GCF by allocating energy to incorrect time periods. A mechanism that enables parties to recover mis-settled energy outside of the disputes process, but without impacting other parties as a result, should be considered as part of the detailed design of the TOM. It is not acceptable to for incorrect data to remain incorrect purely as the result of a desire to shorten the settlement timescales.</p>	

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?
<b>Please identify any areas of the approach that do not align with the principles.</b>	
Answer: Yes	
<p>We have not identified any areas of the proposed transition approach that do not align with the DWG's Principles. However, as noted in our response to question 5 there is not yet enough detail regarding the process for 'switching back' to the current settlement arrangements to determine whether the approach is able to meet Principle (f) and ensure that there are no barriers to customers switching supplier during the transition period.</p>	

Question 12	Do you have any other comments?
Answer: Yes	
<p>While we largely agree with the high level transition approach set out in the document we are concerned that there is an expectation that this approach will be used as the basis for seeking cost information related to the transition in the upcoming Ofgem Request For Information (RFI). The level of information provided in this approach, as well as in the TOM itself, is not at a level at which accurate cost information will be able to be provided. Any information regarding costs that we are able to provide at this stage is likely to be a rough order of magnitude rather than a detailed view of the costs of implementing and operating the TOM – this will only be refined when the detailed technical design for the new arrangements is undertaken.</p>	