

# DWG CONSULTATION ON TRANSITIONING TO THE MHHS TOM

## CONSULTATION RESPONSE FORM

Respondent information		
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Your company	Npower Ltd	
Type of company	Supplier, Supplier Agent	
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Confidential Y/N	N	

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	
<p>We broadly agree with the mapping of metering system type to market segments and have the below comments:</p> <ul style="list-style-type: none"><li>• In our experience there is a volume of profile class 01/02 MPANs and 03/04 MPANs within the market that do not fit in with the segments. For example, a council owned property that is contracted at an organisational level would be classed as a 'non domestic' property according to the supplier licence conditions, however from a settlement perspective there may be domestic customers residing at the property with domestic use patterns. We would suggest some industry level guidance for this scenario would be helpful to ensure consistency when mapping to MC F/G.</li><li>• Some domestic customers have CT meters and whilst we agree with the mapping, specific guidance for the industry may be helpful as they are not common and tend to cause issues.</li></ul>	

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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?
<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>	
Answer: No	
<p>We are not in favour of any form of interim state. The elective HH process was designed to cater for a limited number of customers only and has not been widely pursued by the industry as a whole. Introducing an interim step will increase development costs for suppliers and agents that do not currently have this capability. There should be a single step to move customers from existing arrangements to new arrangements, without developing systems and processes that will quickly become redundant.</p> <p>The new data services will have capability to handle both HH and not-HH data, therefore migration to these new agents alongside a move to HH for those customers that are able would seem to be a more efficient approach.</p> <p>Old settlement systems and agents will need to exist for 14 months post final migration of the final MPAN to account for any settlement errors, therefore a move to the new agent sooner would enable the industry to shut down these old systems earlier and reduce implementation costs.</p>	

Question 3	Do you agree with the PAF Assumptions and Principles and that all the potential impacts on the PAF have been identified?
<b>Please identify any omissions.</b>	
Answer: Yes	
<p>We are supportive of the PAF assumptions and principles, and would suggest that turning off the current measure for 97% actual data at RF would be as sensible step once migration has commenced, providing that (at least) equal measures are implemented for the new HH market.</p> <p>We would add to the principles that performance measures should be targeted at the organisation(s) that are responsible for resolving errors. Modification P332 (Revisions to the Supplier Hub Principle) was placed on hold as a result of the market wide HH settlement significant code review, however the underlying issues continue. Some HH agents, that contract directly with end customers, do not offer a full settlement service (presumably at a lower cost), which results in supplier settlement underperformance and can have subsequent impacts on the commercial relationship between the supplier and end customer. This issue should be addressed as part of the revised PAF arrangements.</p> <p>As we have previously commented, we do have concerns around new HH measures and a reduced SF</p>	

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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?
<p>window when/if the settlement timescales are reduced:</p> <ul style="list-style-type: none"><li>• The measurement class C (99% @ SF) target works well to incentivise performance, overall industry compliance today suggests it remains challenging (and nothing is really changing for this type of metering in the new TOM). This is largely based on a process using information from the initial settlement run and resolving issues before the SF run. These issues can be resolved at a data level or require a manual reading. The proposed timeframes give a very limited opportunity to fix problems between the initial and SF run. We don't see how present performance can be incentivised under the proposed timeframes.</li><li>• The above point is exacerbated on change of supply where the new supplier presently has a limited but realistic period to resolve issues before the SF run, reducing this time would lead to a reduced performance at SF for some new gains.</li><li>• Some high security sites only allow data to be downloaded manually, the reduced SF timeframe would significantly increase the cost and inconvenience for the end customer.</li><li>• As per our response to question 3, we would support a PAF review for the revised TOM. A further review would be needed if and when settlement timeframes are reduced. Targets need to be realistic and cognisant of the energy volumes involved. Performance measures should be balanced against the cost of meeting them, which is inevitably picked up by the end customer. For example, the quality of an estimation should be taken into account.</li><li>• A number of industry invoices are paid on settlement runs, it is essential that this is reviewed as part of the process leading to reduced settlement timescales. Potential problems include reduced validation time and potential supplier cash flow impacts between customer billing/payment and payment of the industry invoice. This is likely to require subsequent changes in CUSC, DCUSA and other codes as part of the (significant?)code review to avoid industry billing issues.</li></ul> <p>An approach the PAB could take to monitoring HH settlement performance across all segments could be to allow parties to measure performance across segments as a portfolio aggregate. This would incentivise cost and effort are spent on resolving MPANs that have a higher materiality and therefore the greatest impact on other parties.</p>	

Question 4	Do you agree with the phased approaches proposed for BSC and Registration Systems?
<b>Please identify any issues and dependencies with the proposed approaches.</b>	
Answer: Yes	
<p>We are supportive of this approach as likely means a lower cost for industry parties and therefore customers. The phased approach should take into account any corresponding changes that are required by industry parties and service providers to avoid increasing development costs unnecessarily.</p>	

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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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**Please identify any issues and dependencies with the proposed approach.**

Answer: Yes

It makes sense to enable the Smart Data Service (SDS) interaction with the DCC prior to any migration to HH settlements for these customers. The transitional approach needs to be tied into the non-BSC opt out processes for data access. At this point it is not clear how this opt out mechanism will work but industry parties will need to drive migration of customers through a combination of the mechanism and customer contractual arrangements to avoid customer service issues.

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: No

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### Question 6 Do you agree with the phased approach proposed for the Advanced Market Segment?

The proposal is to transition to HH, prior to moving away from the current model of a DA and aggregated data to the future TOM where the Advanced Data Service (ADS) sends un aggregated data into the central systems). We are not in favour of this approach as it will require existing supplier agents and in particular data aggregators to increase capacity to service a significantly larger portfolio prior to removing this function from the market. Our preference would be to qualify the new agent and central BSC settlement system prior to mass migration. Periods of parallel running should be avoided or at least kept to a minimum to prevent duplication of work and increased costs.

It would be helpful to better understand at the earliest opportunity what level and breadth of qualification will be required for existing advanced Meter Operators and Data Collectors to fulfil the corresponding service function within the proposed TOM e.g. what data-flows will change / be replaced.

The new central BSC system will need to ask suppliers (or BRP's) for requirements that will enable parties to manage SF performance in the same way DA's do now.

Issues to consider within advanced segment:

- Interoperability – in I&C market customers have many variations of meters depending on their requirements of the customer and their chosen agent contract. So the CoMC process will be different for each type of meter make and model.
- Customer Appointed Agents – where a third party agent is appointed, suppliers often find the CoMC process difficult and due to being out of contractual control. Particular agents may only, in cases, communicate with the end customer and not the supplier during this process.
- Timescales: P272 numbers were low in comparison to the current advanced metering in the PC 1-4 market. Timescales associated with the CoMC process to HH were still challenging.
- Further issues were associated with meters which were “polling” however not keep a connection could long enough to be reprogrammed remotely. In comparison to the PC 1-4 market, the timescales for the CoMC process (start to finish) would need to be widened as “lessons learnt” from P272 to take into consideration the higher volume of metering. From a supplier perspective, resource for CoMC for the advanced market within PC 1-4 would multiply compared to P272 to meet the same timescales.

The transition to HH within the advanced segment needs to take into account all sizes of customer, some very large I&C customers will have their portfolio split across all three segments and the phased approach could mean extensive transitional timeframes for a single customer group.

### 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: No

Similar to the Advanced segment, our preference would be to qualify the new service and central BSC settlement system prior to mass migration to avoid investment in temporary systems and

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Question 7	Do you agree with the phased approach proposed for the Unmetered Market Segment?
<p>arrangements. For example, the potential adaptations HDCs and HHDAs may need make process HH data at Watt-hour granularity.</p> <p>Within the UMS segment there is significant work for suppliers and UMSO's to agree and contract the present volume of NHH MPANs into a reduced number of MPANs at a customer level. Equally there are spurious UMS MPANs within the market where the UMSO can't identify the customer / owner. This data cleanse should take place before migrating to HH settlements. Customers will settle using NHH DC's and DA's for the longest period and therefore adopting the above approach will not extend the requirement for these agents to exist for a longer period.</p>	

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	
No further comment.	

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: Partly Support	
<p>It's our view that settlement timescales should be the last part of this transition and should not take place if there is risk to allocating industry charges inaccurately as a result. We would therefore welcome further consultation on this matter when the market has largely move to HH settlements and smart meter penetration / opt out of domestic HH data volume is better understood.</p> <p>We support that as a minimum the industry should wait until all MPANs are being settled under the TOM (inc central BSC systems), which is likely to be some time and therefore re-consultation on the matter at that point seems sensible, rather than locking in an approach now.</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: Partly Support	

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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>We are supportive of the ratcheted materiality approach and an increased dispute window over the previous TOM consultation, however we would again suggest that matters should be reviewed and re-consulted on once the migration to market wide HH settlements is nearing completion. We see the transition to HH settlements and then subsequent reduction of the settlement window as linked but separate programmes that should have their own independent cost and benefit analysis.</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	
No further comments.	

Question 12	Do you have any other comments?
Answer: Yes	
<p>Other than the points noted above, we are broadly supportive of the approach the DWG and Elexon have taken. As we have previously commented Ofgem should play a significant role in ensuring that the settlement and customer journey is interlinked and does not create issues. This was a failing in P272 (part addressed by P322), where customers were directly (and negatively) impacted by a settlement modification that they often did not understand. Ideally the transition should be customer driven and clearly / centrally communicated to industry parties, Third Party Intermediaries and the end customer.</p> <p>We would also invite Ofgem to provide a view on the commercial aspects of the new settlement arrangements, for example how supplier agents should treat direct customer contracts for traditional DC/DA/MOP services where the contract endures beyond the TOM implementation date and beyond when these services can exist in their current form.</p>	