Consultation on EMR data flows

We invite you to respond to the questions on this form. Please submit responses entitled 'Consultation on EMR data flows' to emr@elexon.co.uk by 5pm on 7 March 2014.

Your details

Respondent	*Emma Piercy*
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Role of stakeholder represented	*Please state the role of the stakeholder/stakeholders on whose behalf you are responding (delete as applicable):* ***CfD*** *CfD supplier* ***Capacity Market*** *CM Supplier*
Does this response contain confidential information?	*No.*

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Consultation questions

Option 1: Sending files as email attachments	
Question 1.1	Do you agree that sending and receiving electronic data files as email attachments is an appropriate mechanism for parties who wish to minimise their investment in IT systems? If not, what alternative would you propose?
Whilst email attachments would provide a low cost option, this would have to be balanced against the impact of lower security and practical delivery issues. An alternative low cost option to consider would be the DTS which currently uses the public internet to connect low volume DTS users e.g. Green Deal providers, with gateway solutions that require minimum new systems build and overcome the disadvantages of email.	
Question 1.2	Would you be likely to use this mechanism yourself? If so, would you see this as a permanent solution, or a temporary workaround?
No. Any use of email attachments should be considered as a temporary measure whilst a permanent solution is put in place.	
Question 1.3	Do you agree that XML is an appropriate open standard to use for the data files attached to these emails? If not, what alternative would you propose?
Yes. We also understand that ElectraLink is planning to introduce XML, with User approval, as part of DTS transformation programme. In this context, should the DTS be used for sending and receiving data flows for EMR, with this change, Elexon will not need to change its systems (and incur costs) to provide 'legacy' formats in support of the DTS should Elexon use the XML format.	
Question 1.4	Do you agree with our proposal that the settlement systems should also attach human-readable versions of each file (in PDF format) to outgoing emails?
Yes, but any use of email attachments should be considered as a temporary measure whilst a permanent solution is put in place.	
Option 2: Other potential mechanisms for sending and receiving data	
Question 2.1	What do you see as the pros and cons of the options outlined above? Which option(s) do you see as most appropriate?
In assessing the various options, these will be judged against the design principles stated. However on point 18 'affordability' is not sufficient. Whilst taking into account required design features, the chosen system must be 'at least cost' to the industry, not just simply 'affordable'. Not only should a holistic view be taken of industry costs incurred by suppliers, but also priorities on security and ease of system use – the three options outlined (Secure FTP, web services , web portal) would all incur development costs and participants would have to learn to use a new system. For these reasons, we support the utilisation of existing industry systems namely the DTS to which	

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the majority of parties who will interact with the EMR systems are already connected as opposed to any of the options highlighted. We understand that any additional traffic on the DTS as a result of EMR would not result in Electralink incurring any additional cost (assuming they can handle the data volumes without having to upgrade the network), which would mean the overall cost to Electralink would not go up and thus the incremental cost to industry would be zero. In essence the DTS is a fixed cost to industry how little or much it is used. Elexon is already aware of this given the response to and closure of Issue 52.

Question 2.2	Are there any other options that we should be considering?

As noted under question 2.1 and the questions to follow, we believe that the DTS would provide the optimum solution for EMR data flows. In additional to the benefits of security and a system which is already understood by industry, this would potentially be a no incremental cost solution to industry participants. Furthermore, the DTN already provides a number of low cost interfaces that mitigate barriers to entry into the market.

Option 3: Possible use of existing industry networks to exchange data

Question 3.1	Do you agree that the DTN is the appropriate mechanism for HHDAs to provide data to the settlement systems (provided that the obligation to do so is in the BSC)?

Yes, we believe the DTN is the appropriate mechanism for the HHDAs to provide data to the settlement systems.

Question 3.2	Do you believe it is appropriate to allow existing networks (i.e. DTN and/or CVA network) to be used for other EMR purposes (unrelated to the BSC or other existing industry codes)? Please provide your rationale.

Yes, with overriding principles of refraining from an unnecessary proliferation of industry systems and development costs. Furthermore there is a 20% headroom that the DTS currently operates at, so that Electralink is confident the service would be able to support additional EMR data flows without incurring additional incremental cost to industry.

Question 3.3	Do you agree that the costs incurred in using networks in this way should be recovered from parties who choose to make use of this option? If so, should this apply to all such costs (including for example the costs of including appropriate functionality in the settlement systems.)? Or should it apply only to those costs directly attributable to individual data recipients (e.g. DTN data transfer charges)?

In assessing the costs associated with opting for the DTN, it is important to take a holistic view of costs that will be incurred by industry, and not only those of Elexon which by default are then taken on by industry participants.
To this extent, in Elexon's EMR data flows consultation we have concern about the statement (page 10, section 33, second bullet point) given the absence of context around full industry costs: 'In the case of the DTN, senders of data are charged a fee per MB of data sent. Elexon as EMR Settlement Services Provider could therefore incur significant data transfer fees'. Respondents unaware of issue 52 may then respond with the view that Elexon should develop an alternative which would be cheaper for Elexon - and thus for suppliers. This however is not the case, as the DTS is a fixed cost, and suppliers would still need to pay for this - and also in addition to any alternative that Elexon develops.

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To explain this further, extracts from the Issue 52 report that was presented to the November Panel include:

- It was highlighted that, while any reduction in the amount of data sent or received by ELEXON through the DTS would deliver cost-savings under the BSC, other costs would likely increase. The DTS Operator representatives noted that their costs for operating the DTS were fixed. They operate a not-for-profit service in the same way as ELEXON does and so the fixed costs of their service provider for the DTS need to be recouped from users of the service. If ELEXON's share of those costs were to decrease as a result of less usage, these total costs would need to be recovered elsewhere and the most likely place for these to be recouped through would be through Supplier Charges. This would be via an increased cost per 1,000 MPANs, with an estimated increase for these charges of around 25% if all of ELEXON's costs were removed .....

- The introduction of an alternative route for receiving the relevant data flows would allow them [suppliers] the option to move away from the DTS and thus avoid these costs altogether. However, Group members highlighted that, while this would result in cost savings under the BSC, those costs would need to be reallocated to Supplier Charges to allow the DTS Operator to fully recoup its costs. This would result in no cost-savings overall .....

- The Group also believes that there is no benefit in developing an alternative delivery mechanism as while the development of an alternative mechanism could allow ELEXON to reduce the costs incurred under the BSC in using the DTS, these costs would need to be reallocated by the DTS Operator, resulting in no overall benefit to participants .....

The above are three occasions, where in the report it says there is no overall benefit to participants of an alternative mechanism by Elexon. In actuality, any development work on a system where the DTS could otherwise be used (and where in fact there would be little if any incremental cost) would simply be additional costs that would have to be absorbed by suppliers.

Furthermore, Electralink has confirmed that any additional traffic on the DTS, for example as a result of EMR, would not result in Electralink incurring any additional cost (assuming they can handle the data volumes without having to upgrade the network). This means that the overall cost to Electralink will not go up, so the incremental cost to industry would be zero.

In terms of a move towards a user-pays model, we also support the issue 52 group conclusions on this which said that a 'user pays' model would be more complex to operate than one based on market share. While we acknowledge charging participants based on their usage of a particular service would be fairer and more equitable, it would be harder to operate and would make costs for participants more variable. Likewise, a move to 'user pays' would not reduce the overall costs, but would only redistribute them. If anything, extra costs could be incurred in order to manage the added complexity, and so the overall costs would actually increase as a result of such a move.

Furthermore, a move to a 'user pays' methodology would according to the Issue 52 Group, redistribute the charges between participants, primarily from generators and large Suppliers towards smaller Suppliers and distributors. This is due to the participants currently being charged based on market share, which would be much larger for a larger Supplier. Under a 'user pays' model, the costs would likely be more equally spread across all Suppliers, as Suppliers tend to receive fairly equal amounts of data over the DTS regardless of market share. Elexon's own analysis has shown that the biggest 'losers' appeared to be the 'larger' smaller Suppliers, and that the impacts on Suppliers generally were larger than expected.

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Any move that may damage competition in the market or create further barriers to entry alongside increasing overall costs to industry through complexity must be avoided. For this reason we would suggest that if the DTS is utilised, that this is invoiced to participants in the same way as Elexon does under the BSC.

Question 3.4	What changes would be needed to existing codes or Licenses to allow the DTN and/or CVA network to be used in this way?

With the DTN, small changes to the DTSA will be needed for it to be used for other EMR purposes, namely to allow market participants who are EMR service users to accede to the DTSA (i.e. generators).

If the DTS is to be used in a regulated role supporting EMR, we anticipate that no change to the MRA will be required and implementation would be completed within a similar time frame and at a similar cost to the Green Deal.

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