By email to smartermarkets@ofgem.gov.uk

Angelita Bradney
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Ofgem
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10 April 2015

Dear Angelita,

ELEXON's response to Ofgem's consultation on a target operating model for 'moving to reliable next-day switching'

We welcome the opportunity to provide ELEXON Limited's views on this consultation. We support Ofgem's long-term vision for smarter energy markets and particularly welcome reforms which improve Settlement data quality.

The views in this response are ours alone. We do not seek to represent views of Balancing and Settlement Code (BSC) Parties.

We confirm that you may publish this letter and its appendix on your website.

We look forward to continuing to work with you on your smarter markets initiative. We are interested in attending the industry expert groups which you plan to hold over the summer to review the consultation responses.

We are happy to discuss our response with you. If you or your colleagues need anything further from us, please contact me on 020 7380 4313 or at jon.spence@elexon.co.uk.

Yours sincerely,

Jon Spence
Senior Market Advisor

List of appendices:
Appendix 1 – Consultation response

APPENDIX 1 – ELEXON'S RESPONSE TO OFGEM'S CONSULTATION ON A TARGET OPERATING MODEL (TOM) FOR RELIABLE NEXT-DAY SWITCHING

Question 1 – Do you agree with the requirements set out in the TOM?

Yes. We note the high-level functional service requirement that the 'CRS will hold and provide data as required to support balancing and settlement'. We will be happy to help you develop the detailed requirements in this service area.

Question 2 – Is our description of the requirements sufficiently comprehensive to progress the design of our reforms during the next phase of the programme?

Governance arrangements

Your consultation document notes that, as well as delivering a fast, reliable and cost-effective switching process, there is an opportunity to harmonise and simplify other data management processes that support the retail market. Centralised Registration Service (CRS)[1] data will need to support a number of key processes in addition to the switching process.

The new connection, disconnection and energisation/de-energisation processes are important for Settlement to ensure that we account for all Metering Systems. Meter exchange and meter reconfiguration processes are also important, not just from a Settlement point of view, but to ensure that readings used in the switching process are accurate. The BSC Procedures (BSCPs), and/or the Master Registration Agreement (MRA) Agreed Procedures and Working Practices, define in detail these (and other) processes. Updates to registration data are just one small element of these procedures. They also include multiple interfaces between Suppliers, Distribution System Operators and metering agents, such as work management requests and data flows from agents to provide Suppliers with the information they need to be able to update the registration systems.

In paragraph 2.05 of your document, you note that 'new switching rules' will be 'incorporated in the SEC'. Figure 5 describes the Smart Energy Code (SEC) as the 'Main Switching Code'. Paragraph 5.16 says that 'the target is to set out the bulk of the requirements in the SEC to deliver a single, coherent description of the switching process for both gas and electricity in one place'.

What is less clear is how far the SEC will define other processes which update CRS data, rather than these remaining in existing codes. Some processes, such as Change of Agent and change of Standard Settlement Configuration (used to allocate Non Half Hourly Imports and Exports to time of use periods), can occur either independently of a Change of Supplier event or concurrently. This means that both the SEC and BSCPs may need to define these processes. Also less clear is how far the programme will seek to harmonise the gas and electricity arrangements for processes other than the switching process itself.

We assume that the programme scope will evolve during the Blueprint phase and will consider these questions. We will be pleased to contribute to these discussions.

Communications interfaces

Paragraph 6.20 refers to a review of 'whether the CRS should incorporate a hub and spoke model to manage all communications between organisations'. However, paragraphs 4.16 and 6.11 suggest that

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[1] A similar term Central Registration Service (CRS) is used in the BSC to define the service for recording Central Volume Allocation (CVA) data.

there will still be a need for peer-to-peer transfers of reading histories and comprehensive Meter Technical Details.

Updating the registration system is only one step in a bigger process. For example, where a business event involves a Meter Operator visit, the Supplier has to send a job request and receive a confirmation message (both peer-to-peer) before it updates the registration system (hub and spoke). So should supporting processes also be notified as near real-time service requests/responses? Or do we only need near-time service requests for the switching process itself? If a hub and spoke model cannot manage all industry communications, then retaining the existing managed file transfer service for peer-to-peer communications alongside a high speed interface to the CRS could slow down the overall process.

Data Validation

The current registration systems validate input data against Market Domain Data (MDD), a set of market-wide reference data. We update this reference data monthly under BSC governance and distribute to all industry participants as a batch process using the managed file transfer service. Ofgem may want to consider whether there is value in including a review of reference data distribution within the programme scope.

Data Processing and Data Aggregation

We agree that centralisation of Data Processing and Data Aggregation 'would not be required to improve the speed and reliability of the switching process'. The Data Aggregation process relies heavily on registration data to ensure that there are no gaps or overlaps in the energy volumes submitted to the central Settlement systems. So we welcome the assurance that the CRS 'will be designed to be flexible and adaptable to able to reflect future change (eg electricity settlement reform)'. Of the registration data items that we need to support Settlement processes, our systems use the majority for the purposes of profiling Non Half Hourly Metering Systems. The registration data requirements for Half Hourly Settlement are simpler. Depending on the timescales and outcome of Ofgem's Settlement reform work, there may be some redundancy in the CRS design.

Question 3 – Are there any additional requirements that should be captured in the TOM?

We agree that the switching process for unmetered consumers is 'bespoke' in that there is no Change of Supplier reading. But the registration elements of the process (for example, registering liability for the Metering System and notifying the old Supplier of loss) are much the same as those for metered consumers. We agree that unmetered consumers should not be a major focus of the programme due to their low numbers. But there may be efficiencies if the CRS design does not exclude them completely. A minor point, but the CRS presents an opportunity to record the Meter Administrator for Half Hourly unmetered (or pseudo-metered) supplies, rather than having to use the Meter Operator data item, as currently happens.

As export metering becomes available more widely during the smart roll-out, there may also be efficiencies in using the CRS to support the Feed-In Tariff (FiT) Scheme. The programme scope in Section 2 of your document neither includes nor excludes FiT data. The Export switching process will be increasingly important as the volume of embedded Export grows. A new CRS is therefore an opportunity to consider future Export requirements.