

# HEADLINE REPORT

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<b>MEETING NAME</b>	Design Working Group – Market-wide Half Hourly (HH) Settlement SCR
<b>Meeting number</b>	4
<b>Date of meeting</b>	10 January 2018
<b>Purpose of paper</b>	Meeting Note
<b>Classification</b>	Public
<b>Synopsis</b>	Summary of the fourth DWG meeting and actions arising.

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## INTRODUCTION AND MEETING OBJECTIVES

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### 1. Introduction and Meeting Objectives

- 1.1 The DWG agreed the meeting objective. This was to confirm the position reached at the last DWG and to finalise the draft Target Operating Models (TOMs). The draft TOMs would then be provided to Ofgem (for DAB comment and use in the design policy work) and the next steps would be the evaluation of the TOMs.

## OFGEM UPDATE ON POLICY DECISIONS

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### 2. Ofgem update

- 2.1 Ofgem provided an update that:
- i) they had published the stakeholder feedback on the SCR launch (see Ofgem website);
  - ii) on the ongoing Policy work. Ofgem highlighted that they were continuing their assessment on access to HH data and there would be a consultation in Spring '18. Ofgem also stated they will publish a working paper later this year on their work on whether or not to centralise supplier agent Functions; and
  - iii) on the Business Case work. There would be second iteration of the Outline Business Case in mid-2018.

## TOM DEVELOPMENT: SERVICE GROUPING DECISION

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### 3. DWG04/01 - Draft Target Operating Models: Finalisation Paper

- 3.1 ELEXON set out the five draft TOMs agreed at meeting 3 (noting these draft TOMs focussed on Data Retrieval (DR), Data Processing (DP) and Data Aggregation (DA) services for Smart and Advanced meter segments). The DWG worked through the each TOM confirming and clarifying the DWG understanding of each TOM. The DWG agreed that DR/DP/DA services described in each TOM could either be as competitively procured (e.g. by a Supplier/Balancing Responsible Party) or centrally procured (e.g. under the BSC). The DWG agreed that centrally procured services could be single or multiple monopolies. ELEXON agreed to add this into the TOM diagrams using additional boxes or shadows to identify the optionality for each service.

# HEADLINE REPORT

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- 3.2 The DWG also identified the rationale and the pros and cons of each draft TOM. ELEXON would include these when drafting the draft skeleton TOMs (for evaluation) document. This would then be sent to the DWG for further comment and delivered to Ofgem for DAB consideration and input into the design policy work.

## TOM DEVELOPMENT: OTHER SERVICE GROUPINGS

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### 4. Other Service Groupings

- 4.1 The draft TOMs discussed in agenda item 3 focussed on DR, DP and DA. ELEXON presented the other service groupings for DWG consideration and agreement on service definition. These services had been parked for discussion while the details of the other parts of the TOM designs were agreed.

#### ***Metering Services***

On Metering Services, the DWG agreed that these services were substantially different for (and therefore defined as two separate services) for Advanced (or 'Complex') meters and Smart/Non Smart meters. This was such that an organisation only wishing to provide metering services for smart and non-smart Meters could enter the market. It was also suggested that the boundary for 'Complex' Metering Services would be the Current Transformer (CT) boundary. This would be considered in Stage 2 of the TOM development by the DWG.

#### ***Registration Services***

On Registration Services the DWG noted that the Central Switching Service is scheduled to go-live in 2020. The DWG noted that the chosen option by the Ofgem Switching Programme ('RP2a' solution) did not impact any of the proposed TOMs, since it fed information into the existing registration systems (Supplier Meter Registration Service as operated by the Distribution Businesses). The DWG agreed that no changes to registration were needed for HHS at present. However, that new flexibility requirements may necessitate different and additional data items in the future (e.g. for new market entrants, technology grouping, etc.).

#### ***Unmetered Supplies***

ELEXON presented a strawman TOM for Unmetered Supply Services at Settlement Period level. ELEXON pointed out the large number of customers with modest inventories of UMS (currently settled NHH such as parish councils with 5 lamp posts). ELEXON suggested potential efficiencies (e.g. aggregated these by Supplier within each distribution region). The DWG were concerned these may have impacts on Suppliers and their customers and at this stage did not agree the aggregated approach (noting this decision was not fundamental to the development of the draft TOMs on UMS and would consider in Stage 2). The DWG agreed that the output of the HH UMS Service would be HH data and that it applied to all draft TOMs. The DWG also agreed to investigate under the transition to MHHS if the current NHH UMS arrangements could migrate to the current HH UMS approach.

#### ***Load Shaping Service***

ELEXON presented the criteria for load profiling that were used for the 1998 market. These included the importance of selecting profile groups which can be readily applied to a large number of customers, and which will not be subject to mis-application or manipulation. The DWG agreed that the Load Shaping Service must be representative for smart and non-smart meters with register reads and is best provided by a single service such that the load shapes are common within meter segments. The DWG agreed that the Load Shaping Service would use data provided by the DP Service for smart meters. The load shapes would then be provided back to that DP Service for use in conversion of register reads to half-hourly values.

### 5. Other Service Groupings Application to TOMs

# HEADLINE REPORT

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- 5.1 ELEXON agreed to apply the service definitions from the other service groupings to the TOMs in item 3. ELEXON would now draft the skeleton draft TOM deliverable for Ofgem and the Design Advisory Board including the other Services Groupings agreed by the DWG. ELEXON agreed to work-up the diagrams, high level Service Descriptions for each Service Grouping and set out the pros and cons of each TOM.

## TOM DEVELOPMENT: RECOMMENDATION TO DAB

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### 6. Decision on which TOMs to Progress

- 6.1 The DWG were asked if any of the five TOMs could be ruled out at present. The DWG could not rule any out since they believed that all the draft TOMs were viable. The DWG were then asked to rank the TOMs and set out their top 3. The DWG agreed that TOMs A, C and E should be focussed on noting that TOMs B and D had a separate Retrieval Service which would unnecessarily increase the number of hand-offs. TOM D also had the most hand-off overall which the DWG considered to retain many of the issues with the current market design.
- 6.2 The five draft Skeleton TOMs for progression and evaluation were:
- TOM A: Combined Retrieval and Processing with Separate Aggregation;
  - TOM B: Separate Retrieval with Combined Processing and Aggregation;
  - TOM C: Single End-to-End service covering Retrieval through to Aggregation;
  - TOM D: Separate Services; and
  - TOM E: Single Central End-to-End Service covering Retrieval through to Volume Allocation.

## NEXT STEPS

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### 7. Ofgem Update on DAB

- 7.1 Ofgem presented the revised Design Principle noting the addition of a principle around the TOMs enabling and not impeding new technologies and innovation.
- 7.2 Ofgem also presented the draft scenarios for the DAB to be used to test The TOMs. The DWG noted that it would not be possible to build in complete flexibility for things that were not currently known. The DWG also noted that changes to registration arrangements would be key if sub-half-hourly arrangement are required in the future.

### 8. Notes of 13/12/117 meeting and Action Log

- 8.1 No comments were received on the meeting notes for the meeting on the 13<sup>th</sup> December 2017. Actions (see below and Action Log).

### 9. Next Meeting

- 9.1 ELEXON agreed to work-up the TOM diagrams, high level Service Descriptions for each Service Grouping and set out the DWG rationale and pros and cons of each draft TOM. ELEXON noted that a draft TOM deliverable for Ofgem and the DAB was required and that a document would be drafted setting out the agreed draft TOMs.

### Actions

## HEADLINE REPORT

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**01/01 - DWG members to nominate alternate DWG Members – Closed 01/02 - DWG to provide comments or proposed additions to the RAID log – Closed**

**01/03 - ELEXON to produce revised versions of the Settlement Roles and Responsibilities and strawmen TOMs in a use case format for comment by the DWG before the next meeting. – Closed.**

**02/01 – Distribution representative to provide information on counts of Current Transformer Metering by revised date of 10/01/2018. OPEN – next DWG 05 meeting**

**02/02 – DWG to provide comments on the TOMs, views on any variants and their descriptions – 01/12/2017 (comments received) – Closed**

**02/03 – ELEXON to further work up Use Cases by market segment and identify optionality within the workshop findings to inform the TOM design using DWG comments from action 02/02 – Closed.**

**02/04 – ELEXON to update the Evaluation Criteria document to align with the changes made to the Design Principles – Open – ELEXON will now update with DAB agreed design principles. 14/02/2018**

**02/05 - Ofgem to provide the finalised updated Design principles to the DWG – Closed.**

**03/01 – ELEXON to work up Service Groupings and descriptions for further discussion at next meeting on 10 January 2018. - Closed**

**03/02 – DWG to comment on service groupings and descriptions once issued by ELEXON discussion at next meeting on 10 January 2018. - Closed**

**03/03 – Ofgem to issue draft DAB scenarios for DWG comment. 5 January 2018. – Closed**

**04/01 - ELEXON agreed to work-up the diagrams, high level Service Descriptions for each Service Grouping and set out the pros and cons of each TOM and draft the deliverable for Ofgem and slides for the DAB. 14/02/18.**