

MP162 'SEC changes required to deliver MHHS'

Working Group meeting
7 June 2022



Agenda and objectives



- Recap of MP162 and update on relevant discussions
- Summary of third Refinement Consultation responses
- Confirm Working Group's views on:
 - Legal text
 - Implementation approach
 - General SEC Objectives
 - Consumer benefit areas

Overview



Issue

- Electricity Settlement Reform SCR concluded Suppliers should be mandated to settle customers on a half-hourly basis - net benefits of up to £4.5bn by 2045
- The full MHHS solution will require third-party agents to be able to collect HH meter reads from smart meters

Solution

- Create a new User Role for third-party agents collecting HH data for settlement
- Define the available SRs, the TRTs for these, and the Security/Privacy arrangements for the new User Role

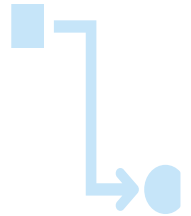
Overview



Business requirements

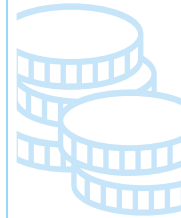
- 1) A new DCC User Role will be created for MDR Users
- 2) MDR Users will need to accede to the SEC and undergo UEPT
- 3) There shall be Access Control for MDR Users
- 4) The applicable Service Requests will have extended on-demand TRTs when submitted by MDR Users
- 5) Only Eligible Users shall have access to retrieve specified data
- 6) The end-to-end security arrangements for half-hourly settlement will be put in place
- 7) An MDR User will be subject to the SEC privacy arrangements

Overview



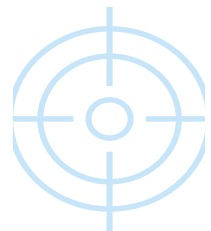
Impacted Parties

- Suppliers
- Shared Resource Providers
- DCC



Costs

- £9.0m to implement
- £2.3m per annum in ongoing costs



Target Release

- February 2024 SEC Release



Benefits

- MP162 forms part of the wider MHHS solution

SEC Objectives (b), (c) & (g)

(b) enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence

(c) facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems

(g) facilitate the efficient and transparent administration and implementation of this Code

Privacy Assessments for MDR Users



- Panel reviewed whether MDR Users would need to undergo Privacy Assessments
- Panel requested further information on:
 - Impact of consumer consent model
 - Potential use of data collected for other uses
- We are working to collect this additional information to present to the Panel in June

Consultation respondents



- Nine responses:
 - Three Large Suppliers
 - Three Network Parties
 - One Other SEC Party and one group response representing eight Other SEC Parties planning to become MDRs
 - The DCC

Key points raised



- Supplier views are mixed, with concerns raised over the costs and cost recovery for MP162 and the interactions with DSP re-procurement
- Network Parties are generally supportive, but noted their concerns over the impacts on total system capacity
- Other SEC Parties continue to be concerned over MDR Users being treated differently to Suppliers

Q1: Does solution resolve identified issue?



- Support for the intent of the modification
- Concerns over total system capacity impact
- Concerns over not aligning with the level playing field principle
- Question over cost recovery
- More detail sought over how the DCC will monitor User behaviour
- Query over interaction with DSP re-procurement

Q2: Agree with scheduling windows?



- Majority support for the proposed approach
- Clarity sought over placing Export Suppliers in the off-peak window
- Concern over potential implications on DCC capacity and ability to manage large volumes of traffic
- Concern over creating a two-tier system
- Questions raised seeking clarity over the proposed approach and related governance

Q3: Agree with legal text?



- No comments on the proposed legal text
- Query over how CSS will be advised of MDR appointments

Q4: Agree with implementation approach?



- General agreement with proposed approach
- Query over overlap with DSP re-procurement timelines
- Concern that timescales may be tight
- Concern over wider MHHS design not yet being finalised

Q5: Party impacts



- Suppliers and Network Parties generally not directly impacted but may be affected by traffic volumes and impact on system performance
- Export Suppliers affected by being moved to off-peak window
- Independent agents will need to register as MDR Users

Q6: Party costs



- Agents will incur costs to undergo processes to become an MDR User
- Potential to need to modify DCC interface and data handling systems due to traffic management constraints

Q7: Party lead times



- 6-8 months for new MDR Users to register in this User Role
- Suppliers and Network Parties can generally meet the current proposed implementation date

Q8: Facilitates the SEC Objectives?



- Most respondents agree with Proposer that MP162 better facilitates some or all of Objectives (b), (c) and (g)
- One respondent considers MP162 detrimental to Objective (d)
 - Distorts market in favour of Suppliers collecting data in-house versus those using independent MDRs
 - *Objective (d): facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy*

Q9: Consumer impacts/benefits



- Several respondents note this supports the wider consumer benefit case under MHHS
- No benefit to consumers but could increase bills to recoup the costs
- Not sure the new MDR User Role benefits consumers as Suppliers can already collect the data needed
- No benefit if the DSP re-procurement later in 2024 increases overall costs

Q10: Should MP162 be approved?



- Two respondents agree
- Five disagree:
 - Unclear why the new User Role is needed
 - Concern over the high costs for this and how this will be recovered
 - Concerns over there not being a level playing field
 - Interaction with DSP re-procurement timeline needs clarifying

Q11: Further comments



- Most effective solution is one where data collected only once
- Note concern that SMETS meters not HH; seek assurance that meters will be fit for purpose, continue to operate and not be negatively impacted by MHHS
- Do we need to review who pays for modifications?
- Concerns over volume assumptions
- Concerns over timing clash with DSP re-procurement

Legal text



- No material comments were made on the legal text in the consultation

Does the Working Group agree the legal text will deliver the MP162 solution?

Implementation approach



- February 2024 SEC Release if approved by end of August 2022
- First Thursday 18 months after approval if approved after end of August 2022
- *In either case, CTSD changes made in November 2023 SEC Release*

Does the Working Group agree with the proposed implementation approach?

General SEC Objectives



- **Objective (b) ✓**
 - Implementing the changes needed to deliver MHHS will allow DCC to comply with Licence requirement to facilitate the implementation of MHHS
- **Objective (c) ✓**
 - Delivery of MHHS will enable consumers to benefit from more accurate allocation of their consumption within settlement
- **Objective (g) ✓**
 - Delivering the SEC and DCC changes for MHHS will enable the wider programme to be delivered as planned

What is the Working Group's view on whether MP162 will better facilitate the General SEC Objectives and why?

General SEC Objectives



(a) facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain

(b) enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence

(c) facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems

(d) facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy

(e) facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy

(f) ensure the protection of Data and the security of Data and Systems in the operation of this Code

(g) facilitate the efficient and transparent administration and implementation of this Code

(h) facilitate the establishment and operation of the Alt HAN Arrangements

Consumer benefit areas



- **Improved safety and reliability:** neutral
- **Lower bills than would otherwise be the case:** Ofgem predicted MHHS would bring significant consumer benefits. MP162 needed to deliver full MHHS solution
- **Reduced environmental damage:** MHHS expected to be key enabler of flexibility, reducing reliance on carbon and fossil fuel generation
- **Improved quality of service:** could increase innovation through HH enabled propositions that will benefit consumers and quality of service
- **Benefits for society as a whole:** MHHS could unlock further innovation that will be required to transition to Net Zero efficiently

What is the Working Group's view on whether MP162 will better facilitate the consumer benefit areas and why?

Next steps



21 June: Modification Report returned to CSC



22 June – 13 July: Modification Report Consultation



27 July: Change Board vote



Authority decision anticipated by end of August

Thank you for attending

