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Action:	For Decision

Market-Wide Half-Hourly Settlement and Market Structure Impacts (including Meter Splitting) - Project Brief

1. Purpose

This paper proposes SECAS involvement in two industry projects, with participation intended to identify and, if necessary, mitigate the impacts of industry projects on smart metering and the SEC.

We are requesting the Panel's approval for work on these projects to proceed, under the guidance of the TABASC. The Board will then be requested to approve the related spend.

2. Market-Wide Half-Hourly Settlement (MHHS)

2.1 Overview

Market-Wide Half-Hourly Settlement is a programme led by ELEXON on behalf of Ofgem. It has been underway for some time and earlier in 2019 ELEXON produced the Target Operating Model for this industry change, which will leverage the deployment of smart meters. SECAS has engaged with ELEXON informally during 2019 and ELEXON has presented the proposals to TABASC.

2.2 Current Position

The MHHS programme is now establishing two groups to complete the next stage of design:

1. The Code Change and Development Group (CCDG) will identify the sections of industry codes that will require amendment to implement the Target Operating Model (TOM). Ofgem has asked SECAS to participate in the group.
2. The Architecture Working Group (AWG) will design the system architecture and interfaces required to implement the TOM. Its primary intention is to manage the potential impacts on smart metering business & technical architecture and to support the CCDG in identifying impacts on the SEC.

Ofgem plans to make their final decision on market-wide half-hourly settlement in Q3 (July-September) 2020 and is subject to cost-benefit analysis.

2.3 Activities & Resource

Each group is expected to meet once per month; up to 18 months for the CCDG and 12 months for the AWG. We have estimated that for the AWG meetings, SECAS Community of Experts will need to dedicate approximately 2 to 3 days per month, which will include for each meeting: preparation,

analysis, attendance, co-ordination with the other group and reporting to the Panel and relevant sub-committees.

An initial meeting is being convened by Ofgem during December and these estimates may be revised as a result of any information discovered at that meeting.

Resourcing for CCDG will come from the SECAS Change team, with an anticipated modification being raised as appropriate.

3. Market Structure Impacts (including Meter Splitting)

3.1 Overview

Two BSC changes have currently been identified that have potential to leverage or impact smart metering. These are [P375](#) 'Metering behind the Boundary Point' and [P379](#) 'Multiple Suppliers through Meter Splitting'. P375 enables metering 'behind' the boundary point (potential SMETS) meter to split out the effects of balancing actions from imbalance. P379 leverages P375 and enables a consumer to buy energy from multiple suppliers. ELEXON has engaged with SECAS and TABASC to provide overviews of the changes.

3.2 Current Position

The modifications have been underway for some time and are currently in the BSC Assessment Procedure and expect to progress to the Report Phase and Authority during 2020.

We consider that P375 has little impact on smart metering and the SEC. However, P379 does appear to introduce challenges, as multiple Suppliers would have responsibility for supply of energy 'behind' a smart meter. This could affect the ability of the Import Supplier to use prepayment, the information displayed to consumers, the ability to control load, and others.

Our primary intention is to manage the potential impacts on the SEC and smart metering business & technical architectures.

3.3 Activities & Resource

Our expectation, based on feedback from some TABASC members, is that we will participate in a number of modification working groups.

We attended a P379 modification working group in early December and we now expect that a more efficient method of participation will be directly with ELEXON rather than via the working group, unless a session focused on cross-code issues is convened.

The resource will be provided by the Community of Experts.

4. Recommendations

Subject to TABASC approval at its 12 December 2019 meeting, the Panel is requested to:

- **APPROVE** the scope of the projects; and
- **APPROVE** the recommendation of the Projects to the Board for release of funds.

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6 December 2019