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MP162 ‘SEC changes required to deliver MHHS’

June 2022 Working Group meeting summary

Tuesday 7 June 2022, 14:00-16:00

Attendees

Attendee	Organisation
Ali Beard	SECAS (Chair)
David Kemp	SECAS (Lead Analyst)
Anik Abdullah	SECAS
Rosie Knight	SECAS
Richard Vernon	DCC (Proposer)
Stuart Scott	DCC
Abhijit Pal	DCC
Charlotte Semp	DCC
Danielle Walton	Ofgem
Kevin Spencer	MHHS Programme
Emma Johnson	British Gas
Alex Hurcombe	EDF Energy
Paul Saker	EDF Energy
Julie Geary	E.ON
Daniel Davies	ESG Global
Paul Akrill	IMServ
Ralph Baxter	Octopus Energy
Emslie Law	OVO Energy
Audrey Smith-Keary	OVO Energy
Mafs Rahman	Scottish Power
Matt Howard	Siemens
Matthew Alexander	SSEN
James Murphy	Stark
Nik Wills	Stark
Robert Johnstone	Utilita
Gemma Slaney	WPD

Overview

The Smart Energy Code Administrator and Secretariat (SECAS) (DK) recapped the issue identified, the Proposed Solution and the assessment performed to date.

Issue

As the smart metering rollout continues, there will be more and more premises with Electricity Smart Metering Equipment (ESME) installed capable of recording consumption in each half-hour period. Ofgem's [Electricity Settlement Reform Significant Code Review](#) (SCR) has concluded that settling all consumers on a half-hourly basis would bring net benefits of up to £4.5bn by 2045¹. It has therefore concluded that Suppliers should be mandated to settle their customers on a half-hourly basis.

The full solution for market-wide half-hourly settlement (MHHS) will require third-party agents to be able to collect half-hourly meter readings from smart meters. This is not currently possible, and so changes to the Smart Energy Code (SEC) and the Data Communications Company (DCC) Systems will be required. Ofgem has [requested the DCC raise this SEC modification](#) to progress and deliver the required changes.

Solution

During the SCR, Ofgem has developed its target operating model (TOM) for how the full MHHS solution should be delivered. The SEC and the DCC Systems changes will need to deliver the requirements set out in the TOM.

This modification will cover all the SEC changes required to allow third-party agents to be able to collect half-hourly meter reads from ESME, which will include:

- The introduction of a new User Role for Parties carrying out this Meter Data Retrieval (MDR) service.
- Defining the relevant Service Requests the new User Role will have access to and the associated Target Response Times (TRTs) and testing scenarios.
- The associated security and data privacy arrangements that will apply to the new User Role.
- The User Entry Process requirements for the new User Role.

The DCC costs are around £9.0m to implement the changes with around £2.3m per annum in ongoing costs. This modification is targeted for the February 2024 SEC Release.

Update on MDR Privacy Assessments

SECAS (DK) updated the Working Group on the discussions with the Panel on whether MDR Users will need to undergo Privacy Assessments. The Panel requested further information on the impacts of the consumer consent model and the potential for the data collected by MDR Users to be used for other purposes. SECAS will be returning to the Panel on 17 June with this information, where the Panel will determine whether MDR User Privacy Assessments should be included in the MP162 solution. SECAS and the User Independent Privacy Auditor (IPA) continue to believe that MDR Users will not require Privacy Assessments but noted there are outstanding concerns over where the

¹ Please see Ofgem's [final business case and decision to implement market-wide half-hourly settlement](#) for more details.

assurance over consumer consent will sit. At the meeting, SECAS noted its recommendation to the Panel would be to keep Privacy Assessments for MDR Users within MP162. Since the meeting, SECAS has held further discussions, and will now be recommending that MDR Users not be subject to Privacy Assessments under MP162.

Third Refinement Consultation responses

SECAS (DK) summarised the responses received to the third Refinement Consultation.

One respondent had queried how MP162 would overlap with the Data Service Provider (DSP) re-procurement timelines, and whether this could increase costs. The DCC (CS) confirmed that it had been working closely with its DSP re-procurement team over MP162. The requirements for MP162 will be replicated in the new DSP requirements documentation and will incur no additional costs.

The respondent had also queried how the DCC would be monitoring User behaviour, noting that the DCC had highlighted the risk that User behaviour may not match current assumptions. A Working Group member (EJ) noted that the DCC's Impact Assessment had been priced against an expected volume of traffic, but it isn't clear if that volume is right. They queried what the plan would be for assessing if demand is higher than expected and how the DCC would adapt to this.

The DCC (CS) noted that its volume assumptions had been discussed with Ofgem many times over the last two years, who were satisfied with the assumptions being made. The DCC's Impact Assessment has also been based on the worst-case scenarios, and so the DCC is not expecting large discrepancies between the assumptions and the actual demand. These assumptions have been shared in all the DCC's documents on MP162 to date, and the DCC would welcome any further challenge. The DCC also noted that once MP162 is implemented, it will be monitored as part of its business-as-usual capacity monitoring and management approach.

The member (EJ) queried if the DCC had an estimate of the cost for additional capacity. The DCC (SS) noted this would depend on how much capacity would be needed, which creates a circular argument. This issue is experienced across all business-as-usual activity, and MHHS would be another use case considered as part of ongoing capacity monitoring and management.

A Working Group member (JM) understood that the Design Advisory Group (DAG) was reviewing the question around level playing field but queried why a further distortion between Suppliers and MDR Users had been introduced through the scheduling windows.

Another member (EL) queried, if MDR Users' scheduled requests were processed overnight alongside Supplier requests, who would pick up the issue of scheduled reads extending into working hours and affecting other processes. They noted that any increased costs for ensuring enough capacity to process all scheduled reads overnight would need to be justified.

The DCC (SS) recapped that it had started with the principle of processing all the scheduled reads overnight, but the costs that came back in the Preliminary Assessment were high. The DCC subsequently looked at better spreading load across the day, noting the requirements for existing processes to remain unchanged. The DCC also highlighted that all Users would still receive their scheduled reads within the 24-hour TRT.

A member (JM) queried what the current reads collected overnight are used for. Another member (EL) noted Suppliers collect this data for uses other than settlement, and those won't be changing. The original intent was that the DCC would provide a service allowing each Supplier to carry out processes as they see fit. They considered that smart metering data was never designed for

settlement purposes. The DCC recalled that MP162 had previously explored identifying the reasons for a request, but this would have increased the impact and the cost of the solution.

A member (JM) queried if there was an opportunity to randomise the scheduled requests so that some MDR Users received this in the 'peak' window and some suppliers in the 'off-peak' window. The DCC (SS) noted this hadn't been looked at. It could be possible but would be further change for which the requirements would need to be defined and the solution subsequently assessed. The DCC did not consider this a viable way forward.

The MHHS Programme representative (KS) noted that the DAG has sent out a questionnaire around the shorter response time and the materiality of this issue. The MHHS Programme is currently working through the responses to understand the views concerns raised.

A member (JM) queried, if a consumer had given consent for their data to be used in settlement, whether separate consent was needed to collect the data for other uses. Another member (PS) noted the model being written into the licence is for different types of consent.

A member (PS) noted the MDR User Role is for collecting data for settlement and was unclear why the Working Group was considering wider uses of the data collected by MDRs. Another member (MH) queried, if a role is for a specific use, whether Suppliers should also use the MDR User Role when collecting data for settlement. A further member (RB) felt the key issue had not been resolved, considering technical arguments were being used in a commercial discussion. They were concerned that the Working Group didn't seem able to exclude commercial arguments when considering the best solution.

A member (GS) noted that it will be key how the DCC is informed about MDR appointments, and that it needs to be made clear if this is being resolved elsewhere. The DCC (SS) noted its assumptions are clear, and it is feeding in to Retail Energy Code (REC) Change Proposal [R0044 'MHHS Programme Changes required to Central Switching Service'](#)².

A member (EL) queried how the costs of this modification would be recovered, and how they were being spread across Parties. The DCC (CS) noted there will be a large cost across all of the different Codes impacted by MHHS, split across different Party types. These would need to be weighed against the overall business case for MHHS. The DCC (RV) also confirmed that the costs for modifications, including MP162, are recovered through the Fixed Charges under the SEC. The DCC is looking to provide more detail on the breakdown of costs in the next set of reporting. The member believed that Fixed Charges are only charged to Suppliers and Network Parties. They queried whether this would align with the level playing field principle in that Suppliers and Network Parties would be picking up the costs for MP162, on top of the costs they would have originally incurred during the initial set-up of the DCC for them to be able to get this data now, whereas it will only be MDR Users that benefit from this change.

A member (PS) noted a comment raised in the consultation over the concern smart meters are not designed to be half-hourly meters. They considered that while this may not be the case, using the data from smart meters would still be an improvement on the current non-half-hourly approach of profiling based on meter advances. Members (GS and MD) queried if the time clock drift issue would affect the accuracy of this, and if a meter's internal clock drifting could result in misalignment with the settlement period windows.

The DCC (SS) noted there is a policy for handling clock drift, and the core assumption for MP162 is that it would not require any changes to meters. They considered this would be something better

² You will need to log into the REC Portal to access this page

considered as part of the MHHS programme's end-to-end assessment. The MHHS Programme representative (KS) queried if Suppliers have a requirement to review and align clock drift. A member (JG) confirmed they do. If a clock drifts by more than 10 seconds, the DCC sends an Alert to the Supplier, who then needs to submit a corresponding Service Request to correct the issue.

Final Working Group views

The Working Group agreed the draft legal text delivered the MP162 solution and agreed the proposed implementation approach should be recommended to the CSC.

The Working Group noted and broadly agreed with the industry views that MP162 would better facilitate SEC Objectives (b), (c) and (g) but could be detrimental to SEC Objective (d). Members had no additional views to add.

The Working Group agreed with the views put forward around how MP162 would support the consumer benefit areas.

Next steps

SECAS will update the MP162 Modification Report to include the consultation responses and the Working Group's final comments. It will present this to the CSC on 21 June 2022, with the recommendation this progresses to the Report Phase.

The Panel will consider whether MDR Users will need to undergo Privacy Assessments on 17 June 2022. The CSC will be informed of the outcomes of this discussion, and any changes to the Modification Report and the legal text to reflect this will be made prior to Modification Report Consultation.

The following action was recorded from the meeting:

- The DCC to confirm how the MP162 costs would be broken down across the different Party Categories within the Fixed Charges, for inclusion in the Modification Report