

Supplier Agent Functions: Energy UK Response

12 November 2018

Introduction

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership covers over 90% of both UK power generation and the energy supply market for UK homes. We represent the diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 27 million homes and every business in Britain. Over 730,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing long-term employment as well as quality apprenticeships and training for those starting their careers. The energy industry invests £12bn annually, delivers £88bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HMT.

This is a high-level industry view; Energy UK's members may hold different views on particular aspects of the consultation and may respond accordingly. Energy UK supports the updated analysis presented by Ofgem and agrees with its proposed position on supplier agent functions at this stage. However, Energy UK would welcome a broader reconsideration of policy questions once the final design of the TOM has been decided in order to ensure that the policy decisions remain the most effective.

We would be happy to discuss any of the points made in further detail with Ofgem or any other interested party if this is considered to be beneficial.

Consultation Questions

Question 1: Do you have any comments on Ofgem's updated analysis and thinking?

Energy UK supports Ofgem's updated analysis and thinking outlined in the consultation document.

Question 2: Do you agree with our proposed position? If not, please explain why.

Energy UK agrees with the proposed position to not include the centralisation of supplier agent functions within Ofgem's work on market-wide settlement reform at this stage. However, Energy UK would note a concern that there is a limit to the usefulness of making definitive policy decisions with no reference to the actual design of the TOM.

In order to ensure better alignment between policy decisions and the design of the TOM, Ofgem could consider giving explicit guidance to the Design Working Group (DWG):

- i. on what the TOM needs to achieve in terms of the reduction in exceptions arising from hand-offs between parties. This is to ensure consistency with Ofgem's policy assumptions driving the policy decision proposed in this consultation;
- ii. asking DWG to report back to Ofgem on any TOM developments that could result in more exceptions than Ofgem had assumed in making their policy decisions.

Ofgem should look to reconsider its policy decisions once the final TOM design has been agreed in order to ensure that the final operating model is consistent with and delivers the assumptions behind those policy decisions.

Additionally, in light of Ofgem's proposed position, there may be scope for it to consider the merits of creating a centralised data repository for meter asset information. This need not involve the centralisation of otherwise commercial businesses, but could allow industry to benefit from a centralised single source of the truth, simplified data-flow requirements and singular accountability for stewardship of meter asset data. Such a system could be analogous with vehicle assets and the centralised DVLA registration data being available to plenty of third parties to use in provision of innovative services.

Question 3: Do you consider that settlement data will still need to be aggregated for submission into central settlement systems in future? In light of this, do you consider that a data aggregation role is required?

Energy UK views this SCR as an important opportunity to reform and future-proof the system and we welcome Ofgem's initial consideration of data aggregation as part of this reform. Energy UK broadly agrees that the aggregation of data for submission into central settlement systems would not, necessarily, be required in the future.

However, there are a number of issues that Ofgem should consider in greater detail when deciding upon the requirement for data aggregation for submissions into central settlement systems, including:

- Security arrangements needed with central systems having access to meter level data. Aggregation could be kept at the supplier or agent level as a security measure.
- The level of complexity added when considering non-HHS sites. It will, therefore, be important that the system includes adequate reporting to manage exceptions.
- The need to realise the underlying assumption that existing inter-agent issues will disappear.

Ofgem should consider the impacts and benefits of removing the agent data aggregation role in greater detail, and allow stakeholders to respond to these considerations and review Ofgem's analysis in full. As mentioned in the previous answer, this would be an issue that would benefit from a reconsideration that could refer to the details of the finalised TOM.

Question 4: Do you agree with Ofgem's consideration of our proposed position against its assessment principles?

Energy UK agrees with Ofgem's proposed position against its assessment principles outlined in the consultation document.

If you would like to discuss the above or any other related matters, please contact me directly on 020 7747 2931 or at steve.kirkwood@energy-uk.org.uk.