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Re: Future enabling the market-wide settlement reform Target Operating Model (TOM)

Dear Jasmine

We are writing in response to your working paper¹ on future enabling the market-wide half-hourly settlement Target Operating Model. This submission is entirely non-confidential and may be published on your website.

We found the paper very useful to understand Ofgem's current thinking and to trigger our own thoughts on how consumers may be impacted by different changes that will come in as part of this reform process and other BSC modifications. In this response we want to offer some additions to your future thinking and flag the consumer implications and potential concerns we have around some of the solutions discussed.

TOM functionality

We agree with Ofgem that the in developing new TOM arrangements it:

- shouldn't impede consumer choice to have multiple energy providers,
- shouldn't impede competition between new providers;
- should facilitate the processing of sub-metering data,
- consider mobile metering, and
- facilitate new future supply arrangements, involving decentralised energy and other trading platforms.

¹ <https://www.ofgem.gov.uk/system/files/docs/2019/07/mhhs - future enabling the tom.pdf>



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Other potential futures

In addition to the future scenarios identified in the paper, we would like to add the following.

- Consumers should in future be able to have open access to up to date information about their metering configuration, tariff and historic HH energy consumption so as to inform their switching decisions. Developments to the Meter Point Registration Service and interaction with the TOM need to support openness and accurate data provision, even with multiple suppliers, sub - or mobile metering and complex tariffs.
- The storage and EV scenarios should not only consider mobile metering but also mobile flexibility provision. For example, in Amsterdam there have been trials where EV drivers deliver flexibility services through public chargers, as opposed to a home charger.

Consumer impact of potential solutions

Consumer rights in relation to metering options

As paragraph 4.4 acknowledges, if a greater use of sub-metering is the way the market and Settlement will develop, new requirements would have to be put in place. We see the key issue for these requirements to lie in the strengthening consumer rights around sub-metering. Consumers have fewer rights in relation to data transparency and getting access to the data that is collected via sub-metering. We understand that sub-metering is currently largely unregulated with few specifications and rules in place. This makes it more difficult for advice providers like us to advise consumers on what their rights are and how their sub-metering systems are supposed to work. Consumers also have fewer rights to challenge the accuracy of data that was collected via submetering.



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For example, when we reviewed our complaints data in 2018, we identified several issues between tenants and landlords involving meters. The most common area of dispute by far related to landlords and tenants sharing meters or submeters, with a common concern that landlords were overcharging consumers for submeters, by charging them too much per kWh or adding additional charges.

Case study, 10/07/2018

The consumer lives in a caravan park, where the owner of the park resells the electricity to residents through a submeter. The site owner failed to notify the tenant of any price changes to their supply within the 28 day timeframe as was agreed, but has said that they intend to apply back charges in order to cover their costs. The consumer would like to know if they are allowed to do this.

We also have several concerns around the increased use of consumer access devices (CADs) data for settlement and other purposes. CADs are connected to the Home Area Network (HAN) which is, unlike the Wide Area Network, supposed to be wholly in the control of consumers. CADs can collect very personal data, ranging from energy usage data in 1-2 second intervals to what model of TV a person has in their home. Any installation of CADs should need explicit consent from the consumer with full transparency and control over what data is collected and what purposes it is used for. We also understand that CADs may be more open to manipulation or inaccuracy due to a lack of standardisation compared to a supplier-provided meter, which may give rise to data quality issues in settlement.



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Allocation of energy and costs

We think that it is crucial to find an efficient way to balance the cost of metering, with people's right to their data and with the accuracy with which the settlement system can allocate demand, export and balancing activities. We fear that through unknown amounts and timings of demand side response (DSR) actions, and the use of unmetered arrangements for public EV charging, cost allocation of system costs will become increasingly inaccurate. Given that storage, electric vehicles, small scale generation and DSR are more likely to be taken up by consumers who have a greater disposable income, this would be increasing the inequity of the smart and flexible transition. It would also run counter to the drive for more accurate, cost-reflective payments that the HHS reform and network charging reform are pursuing.

This balance is a difficult one and will need a continuous, open dialogue as HHS reform and BSC and other Code Modifications are designed. We would like to see analysis of the distributional impacts of various solutions mentioned in the paper, if they were to be taken forward.

Storage and EV charging

We agree that using unmetered settlement arrangements for public chargers seems suboptimal not only because it exacerbates inaccurate allocation of energy costs, as stated above, but also because public EV chargers are, by definition, not unmetered. They must generate metering data because they have to bill EV drivers for the energy they charge their car with.

We could not quite follow the suggestion the paper was making for how to overcome the issue of public chargers. We would hope a solution can be found whereby EV charger data can be used directly in settlement or can inform the calculation of Settlement Period level consumption data, and for suppliers to pass



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on charger-related imbalance costs to EV charge point operators rather than smear them across all their customers. The currently open BEIS consultation² on the functionality of smart chargers is a good opportunity to discuss what functionalities chargers should have in relation to settlement.

Database of unaggregated HH usage data

We previously commented on the database in our response to the DWG's preferred TOM³. We look forward to engaging with Ofgem on the outstanding data security questions around Elexon storing all consumers' MPAN level, half-hourly energy consumption data, and access rights for third parties wanting to access that data.

Yours sincerely

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² <https://www.gov.uk/government/consultations/electric-vehicle-smart-charging>

³

<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-consultation-responses/citizens-advice-response-to-the-dwgs-target-operating-model-for-market-wide-half-hourly-settlement/>