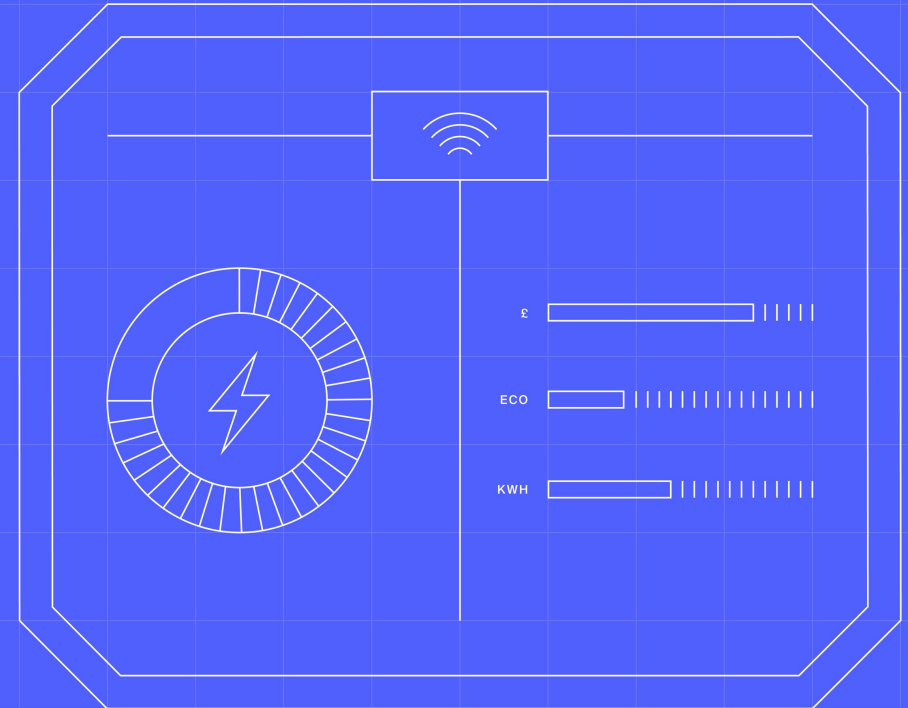


Change Control - CR015

Impact Assessment

Report & Recommendations



CR015 – Impact Assessment Summary

Objective of this session:

PSG to review the outputs of CR015 Impact Assessment and SRO to make decision.

The Programme recommends a change is made to reduce the impact on consumers. Of the 2 options for change presented in the Change Request, the Programme recommends that Option A is implemented as best placed to reduce consumer impact whilst maintaining Programme delivery timescales.

- Responses from DNOs & their key Software Provider, St Clements Services, have identified that Option B would introduce a 3-month delay to M9 and consequent milestones.

Headlines:

- Responses obtained via Impact Assessment are diverse and there is **not a clear consensus observed across Options A, B, and C**
- The impacts of CR015 vary across Constituency so it is important that all points of view and impacts are considered in making this decision and communicated to Programme Participants
- Large, Medium and Small Supplier respondents were unanimous in support towards the implementation of a change through Option A and/or B (noting Large Suppliers' first choice preference was evenly split between Option A and B with two votes each). 2 DNOs chose Option A as their first choice.
- Whilst this isn't unanimous, it **supports the case for change to reduce the impact on consumers:**
 - Respondents highlighted the commercial and customer impact should CR015 not be approved with a perverse disincentive created by the current design to offer competitive tariffs to new E7/E10 customers, nor to prioritise the installation of Smart Meters for existing traditional E7/E10 customers
 - Without a change to the design the relative cost of settling E7 & E10 Meters will increase by c.£35-90. This cost will ultimately be passed to the consumer, impacting tariff setting and reducing consumer choice
 - Using the tariff pricing and modelling against the standard LSS profile provided in CR015, one respondent estimates an impact of c.£64.36 per customer. If current price cap rates are used, the impact is considerably more severe at closer to c.£193 per customer on average - a total impact of between c.£11m-£33m per annum
 - For Supplier/SDS the change is small compared to overall DBT effort required, and DBT is in early enough stages to accommodate a minor change.
- **Those parties that proposed no change (Option C) as their first choice, all chose Option A as their second choice**
- **9 respondents supported Option A and highlighted the following considerations:**
 - Negates the impact to customers and will resolve the issue without impact to the Critical Path
 - Greater accuracy in settling at a meterpoint level as opposed to a generic load shape
 - Provides the customer flexibility within the market but also offers the incentive to offer cheaper tariffs to a customer with HH data sharing consent.
- **8 respondents supported Option B and highlighted the following considerations:**
 - Lower cost compared to Option A as it would use the load shaping functionality that is already part of the design (requiring less change for suppliers and SDSs)
 - Requires less regular maintenance by suppliers, as the Switched Load Indicator would likely only need to be set on COS gain.
- **7 respondents supported Option C as their preferred choice and highlighted the following considerations:**
 - Concerns that settlement remains inaccurate via Option A as a result of using load shapes influenced by switched load on unrestricted customers
 - Option B equates to a significant impact on MPRS and LDSOs and will likely have a negative impact on Level 1 Milestones and Critical Path and adds risk DBT effort and SIT
 - **Option B represents significantly higher risk to Helix than Option A.**



Option A	The Supplier would provide the data service with a split of the energy. The data service would then calculate a daily meter advance and use the fractions to split it into peak and off-peak energy for the data service.
Option B	Unrestricted and Time of Use load shapes would be created to specifically address this issue. This would be achieved through the incorporation of a 'MHHS Switch Load Indicator' into the registration system
Option C	No Action. Supports the current design as the counterfactual to Options A and B

Programme Parties	Participants' Impact Assessment of Options A and B								Participants' preference for Options A, B and C								
	Option A				Option B				First Choice Option			Second Choice Option			Third Choice Option		
	Yes	No	Abstained	Not Replied	Yes	No	Abstained	Not Replied	A	B	C	A	B	C	A	B	C
Large Suppliers	4	-	-	2	3	-	1	2	2	2	-	2	2	-	-	-	4
Medium Suppliers	2	-	-	5	2	-	-	5	-	2	-	2	-	-	-	-	2
Small Suppliers	-	-	-	33	1	-	-	32	-	1	-	-	-	-	-	-	-
I&C	1	-	1	39	1	-	1	39	-	1	-	1	-	-	-	-	1
DNOs	2	-	3	2	-	5	-	2	2	-	3	3	-	1	-	4	-
iDNOs	-	-	1	12	-	1	-	12	-	-	1	1	-	-	-	1	-
Ind. Agents	-	-	-	48	-	-	-	48	-	-	-	-	-	-	-	-	-
Supplier Agents	-	2	-	4	1	1	-	4	-	1	1	2	-	-	-	1	1
S/W Providers	-	-	1	24	-	1	-	24	-	-	1	1	-	-	-	1	-
REC Code Manager	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-
National Grid	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-
Elexon (Helix)	-	1	-	-	-	1	-	-	-	-	1	1	-	-	-	1	-
DCC	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-
SRO / IM & LDP	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-
IPA	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-
Total	9	3	7	174	8	9	3	174	4	7	7	12	2	1	0	8	8

CR015 Impacts – Views on the proposed approach (Page 1)

Programme Parties	Range of respondents' views on benefits and concerns – Option A	Range of respondents' views on benefits and concerns – Option B
Large Suppliers	<ul style="list-style-type: none"> + Greater accuracy in settlement in settling at a meterpoint level as opposed to a generic load shape + Simpler of the two solutions and incorporates the current programme design without too much disruption + Mitigates the primary issue of customer detriment + Removes the element of misallocation meaning the supplier can offer cost reflective tariff for the customer + Provides the customer flexibility within the market but also offers the incentive to offer cheaper tariffs to a customer with HH data sharing consent + Provides the supplier & SDS with a means to accurately reflect the day/night consumption split in settlement, which allows the supplier to align the energy costs with the tariff rates of multi-rate tariffs for opt out customers – Fetter the ability of suppliers to offer cost reflective tariffs; it would ensure that a large group of customers (140k - 560k customers) do not experience significant customer impact (£35-90 per impacted customer) – Adds some complexity to the read submission process for Opt-Out Time of Use Smart meters, as it requires the supplier to additionally provide a peak / off peak split on a daily basis 	<ul style="list-style-type: none"> + Lower cost compared to Option A as it would use the load shaping functionality that is already part of the design, and so would require less change for suppliers and SDSs + Mitigates the primary issue of customer detriment and also results in fairer and more accurate settlement allocation, and future proofs the MHHS design against inevitable market changes
Medium Suppliers	<ul style="list-style-type: none"> – Resolves issues at an MPAN level, but there are concerns that settlement remains inaccurate as a result of using load shapes influenced by switched load on unrestricted customers – Requires more work on behalf of suppliers and need more regular maintenance, with potentially the need to update the data service at least twice a year with new peak/off peak split to reflect GMT/BST change and any other seasonal changes 	<ul style="list-style-type: none"> + Significant benefit in leveraging the load shape information for opt-out customers to ensure that the parsed usage information better reflects the real-time usage + More accurate representation of customer usage + Addresses the settlement side fully and ensures that settlement wouldn't be inaccurate as a result of unrestricted customers being settled using load shapes influenced by switched load customers + Requires less regular maintenance by suppliers, as the Switched Load Indicator would likely only need to be set on COS gain
Small Suppliers		<ul style="list-style-type: none"> + The one respondent supported Option B, but did not provide qualitative comments, nor respond to Option A

CR015 Impacts – Views on the proposed approach (Page 2)

Programme Parties	Range of respondents' views on benefits and concerns – Option A	Range of respondents' views on benefits and concerns – Option B
I&C		<ul style="list-style-type: none"> + Allows more specific time of use tariffs to be set up in the future + Result in settlement more accurate than under Option A, which should lead to GSP Group Correction Factors being lower
DNOs	<ul style="list-style-type: none"> + No impact on Registration Service and LDSOs + Negates the impact to customers and will resolve the issue without impact to the Critical Path 	<ul style="list-style-type: none"> - Level 1 milestone for SIT entry (and possibly beyond) will be negatively impacted - The Registration Service is required to be ready at MHHS Transition Start and is in effect on the Programme Critical Path: Option B Impacts this Critical Path - Additional effort for design, build and test of the MPRS; this resource would need to be sourced in addition (and delivered by skilled experts) or existing experts diverted from other critical path LDSO deliverables - Adds additional risk that DBT effort required could not be absorbed by parties to maintain current SIT start date. - Addition of the new data item in Registration Service has a significant impact on the Registration Service and LDSOs which is likely to delay the delay the Registration Service implementation and therefore delays to MHHS migration - Likely delay the Registration Service Implementation resulting in a delayed start to MHHS Migration and therefore delayed benefits to Customers. - Additional impact to the implementation, programme testing and assurance requirements
iDNOs	<ul style="list-style-type: none"> ▪ One respondent supportive towards the implementation of Option C as proffered choice: - Option B risks delay of Critical Path systems (ECS and Registration Service) being ready for MHHS Migration Start due to scope increase - Option B will have a negative impact on Level 1 Milestones and Critical Path 	
Agents	<ul style="list-style-type: none"> ▪ One respondent supportive towards the implementation of Option C as proffered choice: - There is a significant risk to the MHHS Programme timescales; introducing further significant change at this stage would risk the programme delivery further - If any change is agreed, it should be implemented following completion of migration (or later) 	

CR015 Impacts – Views on the proposed approach (Page 3)

Programme Parties	Range of respondents' views on benefits and concerns – Option A	Range of respondents' views on benefits and concerns – Option B
S/W Providers	<ul style="list-style-type: none"> + Registration Service not impacted + Critical Path not impacted + Resolves the issue and that the costs to correct the issue should be absorbed by Suppliers and their Services without impacting other parties 	<ul style="list-style-type: none"> - Significant impact MPRS and LDSOs - it seeks to further extend the Functional Scope for MPRS' MHHS Design at cost to LDSOs and impacting St Clements MPRS MHHS Delivery Plan ultimately for no benefit to LDSOs or the MPRS software - Equates to a significant impact on MPRS and LDSOs. This could be up to an additional 100 days effort (at c.£100k cost) for MPRS DBT which cannot be absorbed within the existing, already tight, programme timescales - Adding another 100 days to the MPRS development will extend this discrepancy further and have a negative impact on the programme's SIT entry level 1 milestone by pushing it back at least three months (from end of Jan 24 to end of April 24) - It will also have a negative impact on the migration milestones by delaying the completion of migration DBT - The MPRS delivery plan does not align with the programme's timeline for PIT exit/SIT entry and measures are being investigated to mitigate this
REC Code Manager	<ul style="list-style-type: none"> ▪ Did not respond to Impact Assessment 	
National Grid	<ul style="list-style-type: none"> ▪ Did not respond to Impact Assessment 	
Consumer	<ul style="list-style-type: none"> ▪ Did not respond to Impact Assessment 	
Elexon (Helix)	<ul style="list-style-type: none"> ▪ Respondent supportive towards the implementation of Option C as proffered choice: - Option B represents significantly higher risk to Helix than Option A - Whilst Options A and B may remove some of the customer impacts of the current design, this impact could equally be mitigated by Option C, and requiring this small subset of customers to Opt In to submit half hourly consumption data to their supplier if they want to benefit from Time of Use tariffs ▪ Industry should proactively encourage end customers to share their HH consumption data, which would allow those customers to benefit from the real benefits of HH Settlement 	

CR015 Impacts – Views on the proposed approach (Page 4)

Programme Parties	Range of respondents' views on benefits and concerns – Option A	Range of respondents' views on benefits and concerns – Option B
DCC	<ul style="list-style-type: none"> ▪ Did not formally respond to Impact Assessment as the solution to issue CR015 and the lack of a mechanism to allocate consumption between peak/off-peak opt out consumers is not within the remit of DCC 	
SRO / IM & LDP	<ul style="list-style-type: none"> ▪ Fully supportive of a mechanism to find a solution to the issues raised in CR015; the Programme's response to CR015 will be informed by the feedback obtained via the full Impact Assessment process – Highlighted the potential risk of a delayed realisation to consumer benefits if programme timescales are impacted via Options A – BEIS has estimated that the impact on benefits of programme delays is in the region of £90m per annum – Changes to the Design Artefacts required, therefore the Programme will have to plan and execute these additional development activities (c.10 working days), as well as Test Preparation Activities (c.5 working days) – Updates to Test Artefacts may impact on Qualification artefacts for BSCCo and RECCo – Additional Programme costs associated with any change in Programme delivery that will be required from Programme Participant delivery impact 	<ul style="list-style-type: none"> ▪ Fully supportive of a mechanism to find a solution to the issues raised in CR015; the Programme's response to CR015 will be informed by the feedback obtained via the full Impact Assessment process – Highlighted the potential risk of a delayed realisation to consumer benefits if programme timescales are impacted via Options B – BEIS has estimated that the impact on benefits of programme delays is in the region of £90m per annum
IPA	<ul style="list-style-type: none"> ▪ Did not respond to Impact Assessment 	