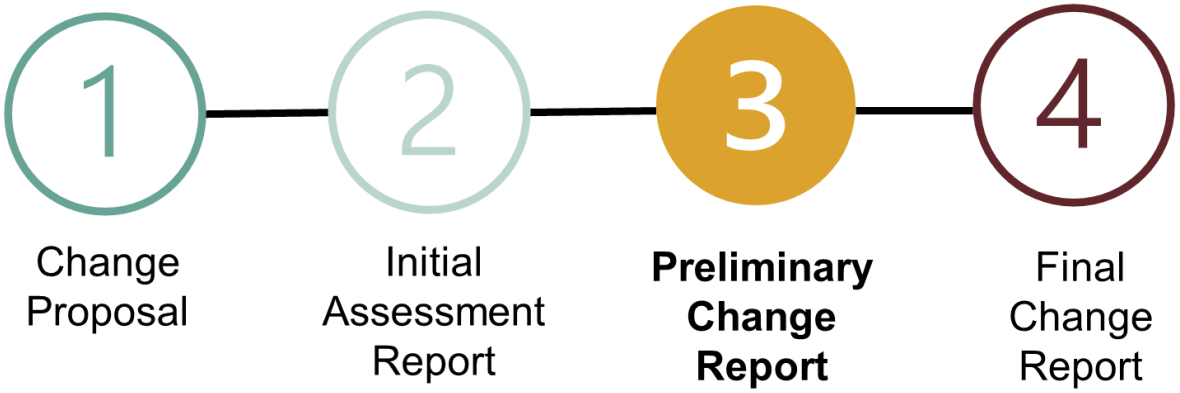
RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination and publication.

# PRELIMINARY CHANGE REPORT




| | |
|---|---|
| **PURPOSE:** | The Preliminary Change Report is drafted by the Code Manager when a Change Proposal has a fully formed solution that has been sufficiently assessed to allow a decision to be made on whether this should be approved for implementation. The report includes a summary of the Change Proposal, details of the proposed solution and the Code Manager's view on the case for change and recommendation. |
| **NOTES:** | The report sets out the minded-to position, prior to formal consultation, and may be changed when publishing the Final Change Report. |
| **NEXT STEPS:** | The Preliminary Change Report will be issued for consultation. Following this, the Code Manager will produce a Final Change Report and the Responsible Committee will make a decision on whether to approve the Change Proposal. |

RETAIL ENERGY CODE

| | |
|---|---|
| 01 | Initial Assessment Report |
| 02 | Preliminary Change Report |
| 03 | Final Change Report |

# PRELIMINARY CHANGE REPORT

## R0032 - NEW REGISTRATION DATA ITEMS AND PROCESSES TO SUPPORT THE TRANSITION TO MARKET-WIDE HALF-HOURLY SETTLEMENT (MHHS)

| | |
|---|---|
| DOCUMENT VERSION | 1.0 |
| DATE ISSUED | 29/07/2022 |
| DOCUMENT APPROVAL STATUS | APPROVED BY RESPONSIBLE COMMITTEE |

| | |
|---|---|
| RESPONSIBLE COMMITTEE | CHANGE PANEL |

| | | |
|---|---|---|
| LEAD ANALYST | GEMMA DIXON | EMAIL |
| TECHNICAL LEAD | MICHAEL TAYLOR | EMAIL |

### CHANGE OVERVIEW

This change seeks to deliver a recommendation from the Market-wide Half Hourly Settlement (MHHS) Programme's Code Change and Development Group (CCDG), to introduce Registration Service Data Items that will be needed for MHHS, into the existing Supplier Meter Registration Service (SMRS) systems, before MHHS migration commences in October 2024.

### CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0032 is **APPROVED** for implementation on 30 June 2023.

| | |
|---|---|
|  | High Impact:<br>Energy Suppliers, Distribution Network Operators, Metering Equipment Manager. |
|  | Medium Impact:<br>N/A |
|  | Low Impact:<br>N/A |

RETAIL ENERGY CODE

## CONTENTS


| | | |
|---|---|---|
| **BACKGROUND** | | |
| 1. | SUMMARY | 4 |
| 2. | PROBLEM STATEMENT | 4 |
| 3. | USER STORIES | 5 |
| **PROPOSAL** | | |
| 4. | SUMMARY OF ANALYSIS UNDERTAKEN | 5 |
| 5. | SUMMARY OF IMPACT ASSESSMENT ACTIVITY | 5 |
| 6. | DELIVERY AGAINST CHANGE PROPOSAL PLAN | 7 |
| 7. | KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES | 7 |
| 8. | PROPOSED SOLUTION | 7 |
| 9. | DRAFT LEGAL TEXT | 11 |
| 10. | PROPOSED IMPLEMENTATION DATE AND APPROACH | 11 |
| 11. | CHANGE PATH | 11 |
| 12. | RESPONSIBLE COMMITTEE | 11 |
| 13. | BUSINESS CASE ASSESSMENT | 11 |
| 14. | CASE FOR CHANGE | 12 |
| 15. | CODE MANAGER'S RECOMMENDATION | 13 |
| 16. | CONSULTATION PLAN AND NEXT STEPS | 13 |
| 17. | APPENDIX | 13 |

RETAIL ENERGY CODE

# BACKGROUND

## 1 SUMMARY

The CCDG is one of three industry working groups set up to support Ofgem's Significant Code Review on Electricity Settlement Reform.

The CCDG issued a consultation in July 2021, which set out their recommendation for the key stages of the MHHS Transition. This covers essential pre-migration and migration activities, with the aim of ensuring that the transition to MHHS happens as efficiently and smoothly as possible. You can access the consultation document by following this link: 'Code Change and Development Group Transition Consultation on Market-wide Half Hourly Settlement'.

Of the recommendations made by the CCDG, this Change Proposal relates to Recommendation 1 which aims to enable new Registration Data Items and process changes to support the MHHS transition. The Registration Service Data Items will be part of the MHHS Design Baseline. These items are critical to the MHHS rules and processes.

It is therefore recommended that this subset of items is introduced into the existing SMRS systems, before MHHS migration commences in October 2024.

These Data Items are proposed for introduction into Market Messages across both the Balancing and Settlement Code (BSC) and Retail Energy Code (REC) and to display these Data Items in the Electricity Enquiry Service (EES). BSC CP1558 was raised to progress the BSC elements and has been approved for implementation on 30 June 2023, by the Supplier Volume Allocation Group at its meeting on 5 July 2022.

The proposed solution would:

- Create new Data Items within the REC Data Specification
- Amend the MM00256 Market Message (D0312), to introduce newly created and add existing Data Items

## 2 PROBLEM STATEMENT

There are Registration Service Data Items that are critical to the MHHS rules and processes.

The MHHS Programme is concerned that starting migration in October 2024 with poor underlying data quality would lead to avoidable time and effort being spent fixing issues during the 12-month migration period.

To facilitate MHHS Programme data cleanse activity, prior to the transition to Half Hourly Settlement, Registration Service Data Items need to be introduced into the existing SMRS system and also displayed in EES.

## 3 USER STORIES

| REF. | USER STORIES |
|---|---|
| **MARKET PARTICIPANT USER STORIES** | |
| M1 | As an impacted Market Participant, I want to ensure good quality underlying data is available to support the transition to HH Settlements to avoid additional time and effort being spent fixing data quality issues during the migration period. |
| M2 | As the MHHS Programme, I want Registration Service Data Items to be available ahead of the MHHS migration to enable data cleanse activity to be completed to address data quality issues. |

# PROPOSAL

## 4 SUMMARY OF ANALYSIS UNDERTAKEN

The MHHS Programme put forward a solution that would introduce new and update existing Data Items that will be utilised through existing SMRS systems via the Electricity Retail Data Service (ERDS) and will be displayed in EES.

The Data Items will be associated with metering level information held in EES, and as a result the solution is to utilise the MM00256 (D0312) currently used by Metering Equipment Managers (MEMs) to maintain metering level information within EES.

The approach being adopted is that an appointed MEM, who currently has responsibility for the submission/update/maintenance of metering related information held in ESS, should also be responsible for the additional Data Items being added through this change.

The Code Manager validated that the solution proposed by the MHHS Programme was the most appropriate way to address the Problem Statement. As part of this validation activity, alternative solution options were considered. These are further explained in section 8.

## 5 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

### 5.1 SERVICE PROVIDER IMPACT ASSESSMENTS

The EES Provider and the ERDS Provider were asked to impact assess the proposed solution. The following table summarises the aggregated costs provided for design, build and implementation.

| | |
|---|---|
| **SERVICE PROVIDER COSTS** | • £135,000 - £218,000 |

### 5.2 REC PARTY IMPACT ASSESSMENTS

A Party Impact Assessment was published by the Code Manager on 13 May 2022, inviting REC Parties to provide their responses by 14 June 2022. Eight responses were received from Parties, three from Metering Equipment Managers, two from Suppliers, one of which was confidential and three from Distribution Network Operators.

Following the REC Party Impact Assessment issued on 13 May 2022, the Code Manager initiated a further REC Party Impact Assessment in response to comments, questions and queries raised by respondents. Seven responses were received from Parties, two from Metering Equipment Managers, two from Suppliers, and three from Distribution Network Operators. One of these responses was received passed the deadline however the Code Manager has acknowledged the response and taken this it into consideration.

The responses received from both Impact Assessments are contained in the consolidated impact assessment responses documents.

| | |
|---|---|
| **ENERGY SUPPLIERS** | • Agree the solution addresses the Problem Statement, however exploration of potential alternative solutions is needed.<br>• In the 13 May Impact Assessment (IA) responses, a number of questions were raised (these were addressed as part of the second IA request).<br>• No specific costs or benefits were identified. |
| **DISTRIBUTION NETWORK OPERATORS** | • Agree the solution addresses the Problem Statement<br>• Impact Assessment responses have been provided through the DNOs' service provider for the ERDS.<br>• 3 – 9 Months lead time required for DNOs to test and implement. |
| **METERING EQUIPMENT MANAGERS** | • Agree the solution addresses the Problem Statement, however exploration of potential alternative solutions is needed.<br>• Concerns raised around the current D0312 process into EES.<br>• Concerns raised around the long-term plan for the D00312.<br>• Up to 18 Months lead time required due to size of this change. |

Concerns were also raised regarding Change Proposals that relate to MHHS, which are outside of the MHHS Programme. In agreement with the MHHS Programme this Change Proposal is not recognised as in the scope of the MHHS Programme. However, we are working closely with Elexon, in their capacity as Code Administrator for BSC CP1558 and also the Implementation Manager for the MHHS Programme. This is to ensure any impacts from MHHS Programme activity, such as the replanning of the MHHS Programme plan, are fully considered.

Comments were also received on the back population of Data Items and the data population plan. The MHHS Programme have confirmed that the intent is for Data Items to be populated over time as the information becomes known. This Change Proposal will introduce new and additional Data Items into the Market Message, however any data cleanse or any back population of data will be driven by the MHHS Programme.

RETAIL ENERGY CODE

## 6 DELIVERY AGAINST CHANGE PROPOSAL PLAN

| | PLANNED | COMPLETED |
|---|---|---|
| SERVICE PROVIDER IMPACT ASSESSMENT ISSUED | 13/05/2022 | 13/05/2022 |
| PARTY IMPACT ASSESSMENT ISSUED | 13/05/2022 | 13/05/2022 |
| DEADLINE FOR ALTERNATIVE CHANGE PROPOSAL SUBMISSION | 24/06/2022 | 24/06/2022 |
| ADDITIONAL IMPACT ASSESSMENT PERIOD | 29/06/2022 | 20/07/2022 |
| PRELIMINARY CHANGE REPORT ISSUED | 29/07/2022 | 29/07/2022 |

To date all activity has been completed within the planned timescales.

## 7 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

### 7.1 RISKS AND ISSUES

| No. | RISK | NOTES | MITIGATION |
|---|---|---|---|
| **R1** | Design assumptions may change based on MHHS Programme determinations in the future. | | Work closely with the MHHS Programme to understand how any changes may impact the solution for R0032. |
| **R2** | Final MHHS Programme design has not yet been approved therefore the R0032 Solution and/or implementation date may need to change. | | Review R0032 once the Programme design has been baselined. Consider delaying the publication of the FCR until design is baselined. |

### 7.2 ASSUMPTIONS AND DEPENDENCIES

| No. | ASSUMPTION | NOTES | HOW/WHEN TO VALIDATE |
|---|---|---|---|
| **A1** | Aligning implementation of this Change Proposal to BSC CP 1558. | | Validated through the development of the Change Proposal and will be confirmed in the Final Change Report. |
| **A2** | Retrospective updating of the Data Items will not be mandated as part of this Change Proposal. | | Validated through the consultation and will be confirmed in the Final Change Report. |

# 8 PROPOSED SOLUTION

## 8.1 ALTERNATIVE SOLUTIONS CONSIDERED

Alternative solution options were assessed by the Code Manager to address the Problem Statement.

- A Secure Data Exchange Portal (SDEP)/Secure Data Exchange Service (SDES) approach:
    - The potential to use SDEP/SDES, however this would require a repurposing of the behaviours and agents using the SDES. MEM currently do not use SDEP, it is mainly used by Suppliers and DNO/IDNOs for the purposes of escalations resulting from Market Message interactions.
    - Whilst this is technically possible, it would likely require a considerable amount of work, resulting in time/money/resource being put into an interim solution.
    - The MHHS Programme would still be required to establish a method for receiving, storing, and using the data, as well as a method for getting it into SMRS/ERDS ready for migration.
    - This may result in multiple submissions by any given Party.

- MHHS Programme – Direct Data Management:
    - Another potential option could have been for the MHHS Programme to establish a Data Management resource, to manage, maintain and validate the content as and when it changes.
    - This would have resulted in time/money/resource being put into an interim solution, there may also be data security and integrity issues that would have needed to be considered.
    - The need to subsequently get the MPAN level data into SMRS/ERDS would also need to be considered.
    - This may result in multiple submissions by any given Party.

## 8.2 PREFERRED SOLUTION

The proposed solution has been put forward by the MHHS Programme.

- Data Transfer Network (DTN) Updates – Using MM00256 (D0312):
    - The proposed option uses the DTN. It is secure, tried and tested, and is an existing method for the MEMs to update SMRS/ERDS.
    - It would be an interim option, but there would be less development, testing, training, data management/intervention and the data would be held in SMRS/ERDS at an MPAN level ready for a MPAN migration to take place.
    - The DTN is the approach suggested by the MHHS Programme to prevent the need for spreadsheets/data files and ad hoc/manual data population and maintenance.
    - This option may result in multiple submissions, but this can be accommodated in DTN.
    - This process allows for a cleaner cut over to the MHHS process.

It is acknowledged that all options will have a cost associated with them, however using the DTN (D0312) option provides the most confidence in facilitating a low maintenance means of providing meter data updates in readiness for MHHS Migration.

The solution to R0032 includes the addition of new Data Items, the amendment to Data Items and a restructuring of the Market Message MM00256/D0312 "*Notification of Meter Information to MPAS*".

**New Data Items**

**ESME ID (DI#####/J####)**

This Data Item does not currently exist in the Data Specification and will subsequently need to be created.

This is an alphanumeric field, containing additional characters (-), that will be 19 characters in length.

It is proposed that the ESME ID will be mandatory where the Meter Type is S1, S2A, S2AD, S2ADE, S2B, S2BD, S2BDE, S2C, S2CD or S2CDE. If the ESME ID is unknown (due to inheritance of the asset on churn), then the ESME ID should be populated as "0000-0000-0000-0000" to avoid issues of poor data quality. Using a standardised 'filler' ESME ID will support monitoring and manual resolution of missing ESME IDs. This rule will only apply to SV00256 (MEM sending MM00256/D0312 to the ERDS).

**Number of Displayed Register Digits (DI#####/J####)**

This Data Item does not currently exist in the Data Specification and will subsequently need to be created.

This Data Item can in effect mirror an existing Data Item in the Data Specification, "Number of Register Digits" DI50228 (J0478).

**Existing Data Items**

**MOP Flow Response Code (DI51544/J2256) (amended)**

This Data Item does currently exist in the Data Specification, with proposed amendments as follows:

- Data Item length increased to 2CHAR to accommodate new alpha Enumeration Values
- Enumeration Values added as per table below:

| Value | Description |
|---|---|
| V | Rejected – ESME ID already exists within MRPS and does not match Removed Meter, Associated Import/Export MSID or Related MPAN |
| W | Rejected - MSN relates to a Smart Meter Type and the ESME ID is NULL |
| X | Rejected – ESME ID Format is Invalid |
| Y | Rejected – Number of Displayed Register Digits is NULL and the MSN relates to a Smart Meter Type |
| Z | Rejected – Non-Smart Meter Type with Number of Displayed Register Digits populated |
| AA | Rejected – Meter Location is invalid |

| | |
|---|---|
| AB | Rejected – Non-Smart Meter Type with ESME ID populated |
| AC | Rejected – Number of Displayed Register Digits is incorrect |

**Meter Location (unchanged)**

This Data Item does currently exist in the Data Specification, "Meter Location" DI50194 (J0419), and can be utilised within the MM00256 (D0312).

**Structural Amendments to MM00256 (D0312)**

For the solution to be implemented amendments will need to be made to the structure of the MM00256 (D0312):

- Group/Collection – 12D – "Meter Info Group"
    - Meter Location, ESME ID and Number of Displayed Register Digits are to be added as "Conditional" with rules stating that they are mandatory for Meter Types S1, S2A, S2AD, S2ADE, S2B, S2BD, S2BDE, S2C, S2CD or S2CDE.
    - ESME ID will have an attached rule to state that "*Where the ESME ID is unknown and cannot be provided, the ESME ID should be populated as "0000-0000-0000-0000"*".
    - Number of Displayed Register Digits will have an attached rule to state that "*Where the Meter Type is S1, the value should be populated as per the manufacturer specification. Where the Meter Type is S2A, S2AD, S2ADE, S2B, S2BD or S2BDE the value should be "5". Where the Meter Type is S2C, S2CD or S2CDE the value should be "6".*"
- Group/Collection – 13D – "Meters Removed"
    - ESME ID is to be added as "Optional".

**MPAS Validation**

The MPAS Validation documents will be available post approval of this Change Proposal.

**EES Updates**

The solution for this change results in these new Data Items being held in EES, it is proposed that these are held at the meter level and are part of the associated validation and permissions linked to meter data held in EES.

These Data Items should also, where possible, be added into the existing reporting outputs associated and provided by the EES.

As part of these Data Items being available in EES, an amended version of the Data Access Matrix has been produced.

## 9 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0032 can be found here.

## 10 PROPOSED IMPLEMENTATION DATE AND APPROACH

| | |
|---|---|
| **PROPOSED IMPLEMENTATION DATE** | 30 June 2023 |

| | |
|---|---|
| **PROPOSED IMPLEMENTATION APPROACH** | BIG BANG |

The Code Manager acknowledges and recognises the replanning activity currently under review by the MHHS Programme. RECCo and the Code Manager are engaged in the replan activity and where it is appropriate to change the implementation date for R0032, this will be considered. The implementation date will be confirmed as part of the Final Change Report.

## 11 CHANGE PATH

| | |
|---|---|
| **CHANGE PATH** | SELF-GOVERNANCE |

## 12 RESPONSIBLE COMMITTEE

| | |
|---|---|
| **RESPONSIBLE COMMITTEE** | CHANGE PANEL |

## 13 BUSINESS CASE ASSESSMENT

### 13.1 COSTS

The aggregated solution costs provided as part of Impact Assessment responses are as follows:

| | **TOTAL COSTS** |
|---|---|
| **PARTIES** | £30,000 |
| **SERVICE PROVIDERS** | £135,000 – £218,000 |

These costs do not represent the total costs of development and implementation for all Parties, only those that provided costs as part of their Impact Assessment response.

All DNO costs have been incorporated in the Service Provider costs as the costs provided relate to the ERDS system changes.

## 13.2 BENEFITS

The benefits for this change are linked to a settlement risk, however Ofgem have estimated that the MHHS Programme will bring "net consumer benefits of between £1.6bn and £4.5bn[1] over the period 2021-2045.

The Code Manager does not consider the benefits specifically delivered through R0032 to be quantifiable, but the change would bring about the following intangible benefits.

| INTANGIBLE BENEFITS | BENEFITS DESCRIPTION |
|---|---|
| DATA QUALITY | Enables the industry to prepare for MHHS, with good quality underlying data to support the transition to HH Settlements. It will avoid additional time and effort being spent fixing data quality issues during the migration period. |

## 13.3 COST BENEFIT ANALYIS SUMMARY

Overall, the Code Manager's view is that although a full detailed cost benefit analysis cannot be completed due to the limited number of Impact Assessment responses, the intangible benefits of the change outweigh the costs for implementation.

# 14 CASE FOR CHANGE

The Code Manager considers that there is a case for change to implement this Change Proposal, on the basis that:

- The proposed solution resolves the problem statement.
- A positive business case can be made, as set out in section 13 of this report.
- By not delivering this Change Proposal we will risk poor quality data at MHHS go live and could lead to additional time and effort being spent trying to fix issues during the migration period.

[1] Decision to approve Retail Energy Code modification R0003: Market-Wide Half-Hourly Settlement Implementation and Governance Arrangements | Ofgem

## 15 CODE MANAGER'S RECOMMENDATION

Based on the evidence in sections 13 and 14 of this report, the Code Manager considers a positive business case can be made and recommends that the Change Panel:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 30 June 2023.

## 16 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report for R0032 will be published on the REC Portal on **05 August 2022**. Consultation closes on **26 August 2022.**

We will use the Consultation period to progress discussions with the MHHS Programme to understand impacts of replanning and any potential amendments to the design.

Following consultation, the Code Manager will review responses and determine whether it is appropriate to progress to Final Assessment.

## 17 APPENDIX

| | |
|---|---|
| LEGAL DRAFTING | Proposed Data Specification Changes |
| CONSOLIDATED FIRST IMPACT ASSESSMENT RESPONSES | First IA Responses - 13 May |
| CONSOLIDATED SECOND IMPACT ASSESSMENT RESPONSES | Second IA Responses - 29 June |
| ANY OTHER DOCUMENTS / LINKS | Solution and IA Recommendations |
| RELATED CHANGE | BSC CP1558 'New Registration data items to facilitate MHHS' |