

MHHS Design Advisory Group (DAG) Headline Report

Issue date: 22 July 2022

Meeting Number **DAG012**

Venue **Virtual – MS Teams**

Meeting Date and Time **21 July 2022 09:30-13:00**

Classification **Public**

Actions

Area	Action Ref	Action	Owner	Due Date
Minutes and Actions	DAG12-01	Provide material updates on any ongoing actions at next meeting	Programme (PMO)	28/07/2022
Level Playing Field Design Principle	DAG12-02	DCC to share docs where 6am read response time working practice is contained.	DCC Representative (Stuart Scott)	25/07/2022
	DAG12-03	Arrange a joint working group with SEC parties, DAG, and Programme to discuss SEC MP162, and seek to identify solution which delivers requirements of the MHHS TOM and adhering to the level playing field design principle, taking into account requirements, costs/impacts, and implementation date	Chair	26/07/2022
	DAG12-04	Seek guidance from SRO on Programme position on SEC MP 162	Chair	25/07/2022
	DAG12-05	Discuss with DCC high level impacts SEC MP162 solution options and seek further understanding of flexibility in decision date and implementation.	Chair	26/07/2022
	DAG12-06	Think of the impacts / implications of each of the proposed Options in preparation for meeting with Change Control Board, SEC MP162 WG.	DAG members	26/07/2022
Previous Meeting(s)	DAG06-01	Review alignment between related MPAN modifications and design subgroup	Programme (Ian Smith)	27/04/2022
	DAG09-05	Programme to liaise with Programme Participants who have queries on the Programme Design Team's responses to comments on the Tranche 1 design artefacts	Programme (Ian Smith)	08/06/2022
	DAG09-12	Provide a clear plan for the resolution of the recorded outstanding issues related to the Tranche 1 design artefact approval	Programme (Design Team)	25/05/2022

	DAG10-06	Update the Target Stakeholder Outcomes and Baseline Success Criteria based on suggestions of DAG members	Programme (Warren Fulton)	06/07/2022
	DAG10-07	Update the Conditional Approval Process and Work Off Oversight Process and present updates at the next DAG meeting	Programme (Warren Fulton)	06/07/2022
	DAG10-08	Update the MHHS Design Baseline Dashboard to show more detail (e.g. next steps and timings)	Programme (Ian Smith)	06/07/2022
	DAG10.1-03	Communicate current thinking around transition plan to DAG members	Programme (Ian Smith)	10/08/2022
	DAG11-01	Provide draft plan on transition requirements at next DAG meeting	Programme (Ian Smith)	28/07/2022

Decisions

Area		
Minutes and Actions	DAG-DEC-28	Minutes of DAG meeting held 06 July 2022 approved

RAID Items Discussed

RAID area	Description
None	

Key Discussion Items

Area	Discussion
Level Playing Field Design Principle	<p>Introduction</p> <p>Following extensive discussion at previous DAG meetings, the Chair summarised the current proposed solution within Smart Energy Code Modification (SEC MP) 162, which is required to introduced the new MHHS 'Meter Data Retrieval' (MDR) user role in Data Communication Company (DCC) systems. The current SEC MP162 solution has a differential read window whereby suppliers undertaking MDR would receive scheduled settlement and non-settlement readings by 06:00 hours each day (the 'peak window'), whereas independent agents carrying out the MDR role would receive settlement readings after 06:00 hours (but within the 24 TRT window required by MHHS). The current Programme requirements are that MDRs receive reads within 24-hours and whilst SEC MP162 delivers this, it would create a disparity between the response times suppliers and independent agents received, with the latter having six-hours less to process data. This disparity creates a potential issue with the Programme's level playing field design principle which stipulates all market participants, operating under MHHS Target Operating Model, will be afforded the ability to deliver the same level of service for the same MHHS service.</p> <p>The group reviewed options provided by the Programme (see agenda item 3 of the DAG 21 July 2022 meeting papers) on how the matter could be resolved and discussed their implication in depth in an attempt to identify a way forward.</p> <p>Scope and Governance</p>

The I&C Representative characterised the issue by highlighting suppliers not large enough to bring the MDR role in-house, will use third party MDR providers. If independent MDR providers are unable to access the same level of service as supplier aligned MDRs this places them at a disadvantage in terms of provision of service. As such the I&C Representative favours equal access to services for all but understand the arrangements for cost allocation under the SEC means suppliers (with an existing in-house MDR service) would not wish to pay for this.

The Large Supplier Representative agreed, noting the contention over the allocation of costs is a matter which sits under the SEC, and whilst DAG can discuss and agree options, the issue of cost allocation will remain under SEC.

The DAG considered the scope of SEC MP162, noting it would create the new MDR user role in DCC systems and stipulates the service request response timeframes, as well as providing security and qualification requirements. Importantly the modification creates capacity for additional DCC traffic for MHHS meter readings, and this has a bearing on the current peak window working practice operated by DCC. One DAG member considered there was not a sufficiently holistic view of how SEC MP162 fits with other enabling code changes such as Retail Energy Code (REC) Change Proposal R0044, though there were clear dependencies in terms of delivering MHHS requirements.

The RECCo Representative considered the governance of changes required to deliver MHHS presented a challenge. On the point of DCC capacity, the Independent Supplier Agent Representative highlighted DCC manages its own capacity, and requirements relating to this are not set out in the SEC itself but in lower level/uncodified 'working practice' documents (**ACTION DAG12-02**). As such, they believed this was not subject to formal SEC governance. Additionally, any requirement for the DCC to manage its capacity in a certain way would require a new SEC MP. The Chair considered whether SEC MP162 could be approved to allow the commencement of DCC systems' development, and a further modification could raise later to deliver a solution to address the differential read window issue. The DCC Representative believed this created significant scope for both inefficiency and undue costs, and the group briefly discussed what level of 'regret spend' may occur should this approach be taken, determining this was difficult to identify with certainty but was potentially significant.

The Large Supplier Representative noted SEC MP162 has been discussed at numerous SEC working groups and struggled to understand where the solution lies. DAG must be clear on MHHS requirements, and it is the SEC Change Board who will recommend to Ofgem approval or rejection of SEC MP162. DAG may seek to influence this decision but any changes to existing functionality for suppliers which may impact existing operational processes was likely to be contentious. The Large Supplier Representative considered suppliers, and by extension customers, have already paid once for the functionality they require and believed it would be egregious to pay for another change which provides benefit to another constituency.

It was highlighted SEC MP162 was raised prior to the detailed MHHS design being available to accommodate DCC systems lead times, otherwise it was possible the change may have been managed and implemented under Programme governance. As such, SEC MP162 is fundamentally a SEC change not a Programme change. The RECCo Representative expressed reservations over whether R0044 should progress outside of Programme governance also, noting it was currently out for impact assessment.

The group noted the implications of the DCC working practice relating to the peak window was a key matter and briefly considered whether this could be changed. If Ofgem becomes involved in helping to determine a solution, they will likely wish to know about the working practice arrangements and how this related to the Programme's level playing field design principle.

Finally, it was note SEC MP162 will be presented to the SEC Change Board on 27 July 2022 and DAG should communicate its views accordingly.

Consideration of Way Forward

The DAG confirmed their previous agreements that:

- a twenty-four-hour Target Response Time (TRT) for service requests to the DCC from MDRs was required to deliver MHHS
- the differential read window creates an issue with Programme's level playing field design principle

One member sought to understand, without reference to costs, whether implementation of SEC MP162 causes an obvious and material issue. Whilst it seemed likely SEC MP162 would result in MDRs receiving settlement read data later than suppliers, it was not clear what material effect this would have. It was noted there could be additional burdens on MDRs having six hours less to process read data (e.g. evening working being required) and it was feasible higher operational costs such this could lead to a competition gap which results in there being no independent MDRs at all. If this

were to happen, suppliers operating as MDRs would push 100% of traffic through during the peak window, affecting DDC capacity requirements, and this would increase costs.

The DAG considered whether any solution options could be ruled out. The group determined options six and seven, as detailed in the meeting papers, would require years of discussion and development and would not be congruent with the Programme timetable.

The Chair posed several questions to the group, and the following was agreed with no objections:

- Additional DCC capacity is required to enable MHHS
- SEC/DCC must deliver the MDR role as defined in the MHHS Target Operating Model
- SEC MP162 currently delivers these requirements, and provides capacity to meet a 24-hour TRT
- However, the SEC MP162 solution, and the differential read window, creates an issue with the Programme's level playing field design principle

The Chair asked whether SEC MP162 could be modified to deliver options 2a or 2b. Several DAG members consider it could be, but this was likely not possible before the SEC Change Board vote on the change. Such changes to SEC MP162 would be material to the solution and would require discussion at a working group. Alternatively, a new modification could be raised. It was considered whether the DAG could inform the SEC Change Board SE MP162 does not meet the level playing field requirement and if the modification is either approve or rejected, this would then go to Ofgem for a decision. The Ofgem representative stated as much information as possible should be included in the modification change report, as this is the primary document Ofgem will base their decision on.

Ofgem will also wish to understand the materiality of the issue/options, and the Chair stated a discussion would be arranged with DCC in an attempt to create an indication of costs in as far as is possible without full impact assessment (**ACTION DAG12-05**).

The DAG discussed that any changes to the peak window working practice would require change to either costs, solution parameters, or user behaviours. It was noted discussion at DAG would not resolve cost issues for suppliers, this being a matter for the SEC. The Independent Supplier Agent Representative believed the DAG are unable to resolve the issue, believing current users and Programme experts must provide a solution jointly (see **ACTION DAG12-03**).

The group went on to consider whether the vote on SEC MP162 could be deferred, given any joint working or assessment of alternatives will take time. It was noted a delay would potentially risk the proposed implementation date of the changes to DCC systems. The Chair noted that at the July PSG meeting the DDC representative stated there was some flexibility in the decision date for starting the implementation activities for MP162. Conversely, the risk SEC MP162 may be rejected or not provide the most fitting solution was also a risk to the required timelines.

One member considered whether the wider Programme re-plan could mean there would be additional time to achieve a resolution. It was highlighted the DCC could be subject to change congestion if this were the case as Data Service Provider re-procurement is due to commence in the near future also.

Conclusion

The Chair advised guidance would be sought from the Programme's Senior Responsible Owner (SRO) (**ACTION DAG12-04**) and a meeting would be held with DCC regarding high-level costs for the options discussed and any potentially flexibility in implementation dates (**ACTION DAG12-05**).

The Programme will also seek to arrange a joint working group with SEC parties to discuss solutions for delivering the MHHS TOM and maintaining the level playing field design principle (**ACTION DAG12-03**).

If there is leeway regarding the DCC implementation date, it is possible the SEC Change Board could defer voting or could vote and then Ofgem send the modification back for further development. The Ofgem representative stated pertinent information, particularly quantitative information, should be included in the SEC MP162 Change Report if parties would like Ofgem to consider it. All DAG members were asked to consider the impacts of each option and any potential discussion points and quantify impacts in as far as possible (**ACTION DAG12-06**).

The Chair summarised potential outcomes and the impacts these would have:

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| | <ul style="list-style-type: none">• SEC MP162 is approved in its current form, and a potential competition issue exists (as the existing solution does not address the MDR agent issue)• SEC MP162 is approved and a new SEC change is raised to add further functionality to address the level playing field principle, noting there is a risk this affects SEC MP162 implementation or results in nugatory work/costs• SEC MP162 is rejected, and implementation of SEC/DCC changes required to deliver MHHS are put at significant risk• SEC MP162 requires further development under SEC work group process (to address the MDR agent issue), and there is a risk to implementation timeframes for MHHS. |
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The Chair urged DAG members to communicate their views to the relevant SEC Change Board representative.

Next meetings:

28 July 2022 at 09:30am

10 August 2022 at 09:30am