

Response Form

Implementation and Governance Arrangements for Market-Wide Half-Hourly Settlement Consultation

The deadline for responses is 25 June 2021. Please send this form to HalfHourlySettlement@ofgem.gov.uk once completed.

Organisation: SSE Energy Supply Limited

Contact: Mark Jones

Is your feedback confidential? NO ☒ YES ☐

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Obligations on Parties

1. Do you agree that the balance of the duty to cooperate in licences and the more detailed obligations set out here will be sufficient to ensure that all parties are subject to the right obligations to secure timely and effective implementation of MHHS?

We agree that the obligations, if properly monitored and enforced, are sufficient to ensure that all parties will be able to secure timely and effective implementation of MHHS.

2. Do you agree that the proposed obligations on all programme parties in respect of MHHS implementation, and the proposed obligations on Elexon in its roles as the BSC code administrator, are sufficiently well defined to ensure that ownership and accountability for implementation of MHHS is clear? If not, how could the proposed obligations be changed to allow this to happen?

We agree that the obligations on all Programme parties and Elexon are sufficiently well defined so that it is clear to all MHHS parties what they have to deliver.

3. Do you have any comments on the scope or drafting of the draft obligations themselves?
We would appreciate all comments, but suggestions for changes in wording where you think what is proposed does not work would be particularly helpful.

We do not have any comments on the scope or drafting of the draft obligations.

Governance Structure

4. Do you support the governance structure as described in the Market-Wide Half-Hourly Settlement Governance Framework? We welcome all comments, but if you have proposals for changes to the governance structure it would be particularly helpful if you could clearly set out your preferred alternative in any specific area of the governance structure.

Whilst we did not support the appointment of Elexon as the programme manager for MHHS, we recognise that the decision has been made and are generally supportive of the MHHS governance structure. However, we would prefer Ofgem to take a greater role in the day to day management of the MHHS Programme. From the fairly recent experience of Project Nexus, this project did not work well as an industry led project and worked far better when, after things had gone badly wrong, Ofgem stepped in and took a much greater role in driving the project forward. This has also been evident in the Ofgem Switching Programme, which has gone much smoother to date than Project Nexus, and which is at least, in part, due to the Ofgem leadership of the programme. The problem with industry led projects is that parties often favour and focus on their areas of responsibility and expertise, sometimes to the detriment of the project as a whole, especially when things start to go wrong.

We also believe that there would be merit in having a non-domestic supplier representative on the MHHS Programme Steering Group who could represent the views of this market sector, given the fact that issues and concerns can vary between the domestic and non-domestic sectors. Having a representative from this sector on groups has proven to be very beneficial in other large industry change programmes, such as the Ofgem Switching Programme. We would very much welcome Ofgem considering this additional PSG representative.

5. Do you agree with the approach of Ofgem designating the governance structure as set out in the Governance Framework as a baselined document in the BSC, that Elexon and all programme parties will have to comply with? If not, can you suggest an alternative method of embedding the governance structure, contained in the Governance Framework, in the programme and providing confidence to all programme parties?

We agree that Ofgem has provided a robust governance structure and that setting out the Licence obligations in Section C12 of the BSC does seem a logical place to put them. We are satisfied that Section C12 covers all parties that are required to participate and deliver in the MHHS Programme, including all parties that sit outside of the BSC and which are covered by other industry codes.

Independent Programme Assurance

6. Do you have any comments on the proposed Assurance Principles?

It is important that the Independent Programme Assurer is truly independent of Elexon. Whilst we would prefer that Ofgem took a greater role in the day to day running of the Programme, we do take some confidence in the fact that the IPA will be appointed by and will report to Ofgem. The IPA should also have a major role in assuring all parties at various points throughout the project that have a stake in the MHHS Programme and who will contribute to its overall successful delivery.

Ofgem's Role

7. Do you agree that specific thresholds should be set for Ofgem intervention to avoid the risk of Ofgem being drawn into day-to-day management of MHHS implementation?

We agree that thresholds should be set for Ofgem intervention, but we fail to see any risks associated with Ofgem being drawn into a greater role within the MHHS Programme, even if it ends up with Ofgem performing a day to day management role. It is likely to be the case that early intervention by Ofgem when things start to go awry would result in a better outcome than waiting for a specific threshold or target to be missed, when it may be apparent for quite some time that things are going wrong, but have not actually hit the threshold, even though it is inevitable.

8. Do you agree that Ofgem intervention should be based on the five key criteria of: adherence to the TOM, delivery of benefits and costs, timeliness of delivery, impact on competition and consumer impact? Do you agree with the specific TOM, cost and timeliness thresholds? If not, what others would you propose?

We agree that Ofgem intervention should be largely based on the five key criteria mentioned. However, there may be some external factors outside of Elxon's control which could adversely affect some of the criteria, possibly around the benefits and consumer impact. It would be interesting to know if and why Ofgem would intervene if this was the case, but the MHHS Programme was on track to be delivered on time and within budget.

9. Are there any other criteria that you consider may warrant Ofgem intervention? Please give reasons why.

We believe that other impacts external to the project may warrant Ofgem intervention. Examples are issues with the Faster Switching Programme, resulting in it being delivered late and causing a conflict of resource within parties, not just Elexon. In this case parties may not be able to resource the MHHS adequately until sometime after a delayed Faster Switching start date. The ongoing Covid situation, whilst things are looking better than they were several months ago, may cause issues in the future.

10. Do you also agree that Ofgem should have a role in ensuring that conflicts of interest are properly managed within MHHS implementation?

We strongly agree that Ofgem should have a role in ensuring that conflicts of interest are properly managed within MHHS implementation and that the correct business separation for processes and people are put in place. We would like Ofgem to ensure that all other non-BSC Codes impacted by MHHS are properly accounted for and that the programme does not become BSC centric, as the success of MHHS requires changes under other codes such as the DCUSA and REC to be delivered. Also, from experience of past projects, including Nexus, it is sometimes the case that when things start to go wrong that parties focus on their part of the project rather than the project itself. The MHHS Programme goes against some of the normal rules of project delivery, where the project management organisation is also responsible for delivering a large part of the project itself, and so avoiding conflicts of interest is one of the areas absolutely key in ensuring the success of the timely delivery of the MHHS Programme.