

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: Northern Powergrid

Contact: Chris Allanson

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?

Yes, we agree. The licence obligation to cooperate is normally sufficient for parties to comply with Significant Code Reviews. The detailed obligations, however, provide parties with an extra level of detail/clarity of the requirements placed upon them.

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?

Yes, we agree and do not have any suggested changes.

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 proposed changes to the wording of the draft obligations. The drafting appears to capture the general requirements of the programme and is in line with activities undertaken on other programmes, such as Faster Switching.

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.

Yes, we support the governance structure, as described, and do not have any suggested alternatives.

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?

Yes, we agree. The BSC is the most logical place to set out the framework.

Independent Programme Assurance

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

No, we do not have any comments.

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?

Yes, we agree that it is a pragmatic approach.

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?

No, we do not agree entirely. We support the purpose of setting criteria for Ofgem intervention and we suggest a refinement to create a 6th criterion. The five criteria are summarised in question 8 (section 6) as adherence to the TOM, delivery of benefits and costs, timeliness of delivery, impact on competition and consumer impact. However, at paragraph 6.12 (on page 56), the criterion of 'impact on competition' is expanded to include 'Impact on competition or market stability and conflict of interest'. Impacts on competition or markets would likely be closely aligned, but conflicts of interest could potentially arise between participants or within specific aspects of the programme and may not just occur within a single organisation significant to the programme e.g. Elexon. We suggest that 'conflicts of interest' should be separated from 'impact on competition or market stability' to create a distinct 6th criterion. We have commented further in our answer to question 10.

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

n/a

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

In light of parties' concerns in relation to conflicts of interest, we agree that Ofgem should have a role ensuring they are properly managed within the MHHS implementation.

In addition, conflicts of interest may include where Elexon, as the SRO, requests distributor parties to undertake activities that could be better facilitated by Elexon centrally and more efficiently rather than burdening distributors unnecessarily in terms of scope and costs.