

## **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](mailto:HalfHourlySettlement@ofgem.gov.uk) once completed.*

**Organisation:** AIMDA

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**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?

To an extent this will depend on the strength of the programme governance established by Elexon. If that structure is unable to effectively enforce the different obligations on each type of participant, then the timely implementation of MHHS will be jeopardised. The proposed code changes don't appear to outline the powers and techniques Elexon will have at their disposal to enforce the detailed obligations.

The "duty to co-operate" in each relevant licence may only be effective in securing initial co-operation with the Programme. Ofgem should consider including a specific licence condition relating to the successful implementation of MHHS, in line with the Programme timeline, to ensure continued co-operation.

Whilst not relevant to implementation, we consider that the DCC should be accountable to the BSC Performance Assurance Framework in the end state. This is because their performance will have a direct impact on Parties' ability to meet settlement performance obligations. Making the DCC a Performance Assurance Party under the BSC and defining a set of assurance techniques that could apply to them would ensure their performance in relation to MHHS Service Requests can be managed effectively.

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?

The proposed code changes clarify the obligations on each component of the Implementation Manager role (DA, SI, PPC and IPA). This helps to illustrate where ownership and accountability within the PMO sits.

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.

No specific comments.

## 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.

AIMDA broadly supports the proposed structure although we reiterate our earlier comments relating to the implementation timescale being highly optimistic.

From a top-down view point the governance structure looks fairly straight forward and sensible, with tasks being divided into multiple working groups; however, experiences based on both the AWG and CCDG have proved that careful management is needed to avoid data siloing, which in turn will likely results in less than desirable results. A minimum of seven (7) groups have been identified with a further six (6) likely to be required throughout the programme. While we cannot suggest a simpler methodology, we would like to highlight the potential siloing issue to ensure that all possible measures are taken to aid collaboration across work groups.

We welcome the recommendation that the PSG group should include two (supplier agents) however we would like to ensure that there is not duplication in representation between supplier representatives and supplier agents. Specifically, we are acknowledging that some suppliers also provide supplier agent functions and that the two roles should be considered as mutually exclusive within group representation and that a company can only represent its core business element else there could be a circumstance whereby Suppliers are overrepresented. This can be avoided by only appointing independent supplier agents to the PSG.

We would like to ensure that group representation is split across domestic and non-domestic parties to ensure fully informed decisions are reached. While we recognise that MHHS has the largest impact in the domestic market, decisions made during the programme implementation will have implications across the board. We therefore recommend that within group participation at least one Supplier Agent and one Supplier should be primarily non-domestic focussed.

Finally, AIMDA would like to volunteer its members support when looking for participants in working groups. Our member organisations are keen to play an active role in helping deliver MHHS.

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 with the approach but note that Supplier Agents are not directly subject to the BSC and as such are not BSC parties. This could potentially create an unbalanced situation whereby Supplier Agents are subject to conditions within the BSC yet as non-BSC parties, are unable to raise potential modifications to the Governance Framework.

## Independent Programme Assurance

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

AIMDA does not have any comments in regard to the proposed assurance principles; the main points of concern raised in our response to your January consultation have been addressed.

## 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, however Ofgem should ensure to keep close enough to the progress of the implementation in order to satisfy themselves that implementation and day to day management is being met. Whilst we understand that thresholds will be set and reporting from SRO and IPA will be provided we believe that with such a critical change to the industry, further interaction is required from Ofgem.



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?

Yes, however the threshold of cost being set at £5m we believe is too high. This should be set at a much lower threshold as the more costs increase, the less the benefit to the consumer and the bigger the impact on the industry. We believe an appropriate cost threshold would be £1m. It is not clear how Ofgem intend to assess the impact of cost in relation to a threshold.

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

Criteria suggested are comprehensive as they cover all of the potential scenarios AIMDA can consider at this point, but we reserve the right to approach Ofgem if a significant problem should occur during the implementation process that we wish to bring to Ofgem's attention.

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

AIMDA does agree that Ofgem should have this role and ensure that conflicts of interest are resolved fairly.