

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: SEC Panel

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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?

We agree that the detail should sit within the Industry Codes backed off by and higher level obligations in the licence. However, we do have some concern over changes to the Smart Meter Communication Licence.

Whilst we agree with the principle of the DCC being obligated to support the implementation of the MWHHS programme we do not believe that amendments to the licence are required. Instead, the necessary paragraph should be added to the SEC.

The DCC are compelled to comply with all of their obligations within the SEC. It therefore seems logical to place the new obligations for supporting MWHHS in the SEC as well. Previously, amendments have occurred to the Smart Meter Communication Licence for Ofgem's faster switching programme and the DCC's new role as the Central Switching Service (CSS). However, the CSS was a new service provider role contracted under the Retail Energy Code; therefore it was decided to reflect DCC's extended role in the licence. Supporting cross code change and the MWHHS programme is not a new service, it is an extension of the work being undertaken as part of the SEC Modification process and should therefore be treated as equal to any other DCC obligation. To place the new obligations in the licence may create an impression that it is more important than other DCC obligations.

Equally, the Panel have oversight of compliance against the SEC objectives. Placing obligations to support cross code change outside of Panel purview does not simplify the role of the Panel in ensuring due process is followed in progression modifications to the SEC and supporting other Codes. We would

therefore recommend placing the obligation in the SEC and emphasising DCC should be complying with all SEC obligations.

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?

Noting the views on DCC licence above, we believe the obligations in the BSC seem sensible.

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 support the new obligations added to the BSC, but note we would expect SECAS to support and work closely with Elexon as part of the programme regardless of the new obligation,. So whilst the proposed amendments might be nugatory but we understand why they have been introduced.

We do note that Ofgem's intention behind the drafting is to "ensure that code administrators are obliged to identify, plan and deliver all necessary changes on a timescale that is consistent with the baselined MHHS implementation plan". However, this current drafting places obligations on SECCo. SECCo is the corporate entity for the SEC, but it is SECAS who is the Code Administrator (undertaking prescribed functions under the oversight of the SEC Panel). We therefore believe the drafting of the new section C7.13 should be moved to C7.2 (L) (Code Administrator) and amended to say "SECAS" rather than "SECCo".

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.

The framework seems an appropriate set up. We would note that key to making this governance structure work will be clarity and transparency on what decisions are being taken by what group when, and what the outcomes are. For the CCAG to work effectively they will need to follow closely the work of the Design Authority and Implementation Group. It will therefore be critical to know when to highlight issues and input into conversations at the right time.

We would also like further clarity over what is meant by “consensus” at meetings and how it is gained. Currently it is unclear what happens in the governance groups and how a recommendation is formulated should there be opposing views.

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?

Agree

Independent Programme Assurance

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

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, but pragmatism needs to apply. The appropriate escalation routes seem to be in place which is reassuring.

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

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

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

Yes. Working with the IPA will be important and due consideration should be applied to ensure any concerns are properly addressed and that delivery of a solution to a deadline does not override any potential issues that are raised.