

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: Data Communications Company

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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?

Yes.

The existing licence requirements for licensed industry parties provides a clear duty to cooperate with implementation of Significant Code Review (SCR) programmes. However, given the breadth and complexity of Market Wide Half Hourly Settlements (MHHS), we support implementation of more detailed and specific requirements that relate directly to this programme and include non-licensed organisations. Together these are sufficient to secure a timely and effective implementation of MHHS.

To support the Ofgem implementation timetable, a modification to the SEC (DCP162) has been raised by the Data Communication Company (DCC). Significant work will have already been undertaken by the Smart Energy Code Administrator and Secretariat (SECAS), Smart Energy Code (SEC) parties and DCC under SEC modification governance ahead of the proposed MHHS governance arrangements being implemented in Autumn 2021. It is important that the new governance arrangements complement and do not disrupt these ongoing efforts to implement MHHS requirements under the SEC. It is our expectation that MHHS requirements for the SEC will be confirmed as part of the ongoing SEC modification process and will not change because of the new governance arrangements. Both Ofgem and Elexon have been included within the process to support this expectation.

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 are generally supportive of the proposed obligations but have the below points to raise.

Proposed Obligations on all Programme Parties

There are a number of elements of the '12.12 MHHS Participants: General' section of the proposed legal text that we believe apply to only BSC processes (BSC MHHS Participants) and not other codes. These are requirements for:

- A MHHS Qualification Plan.
- A MHHS Test Plan.
- A MHHS Data Cleansing Plan.
- A MHHS Data Migration Plan.
- A MHHS Defect Management Plan.

These requirements may be unhelpful if applied to non-BSC codes and may interfere with existing processes and procedures that apply to those codes so we would suggest that clarity is added to the legal text that supports this.

Additionally, further clarity should be added to '12.17 MHHS Performance Assurance' obligations. The consultation document suggests that these requirements apply to Suppliers, DNOs and Supplier Agents and not to DCC (see 3.17-3.25, pages 30-33). However, the proposed BSC text encompasses all MHHS Participants. It would be helpful to confirm whether this applies to BSC 'MHHS Participants' only.

Proposed Obligations on Elexon

We are supportive of the proposed obligations on Elexon.

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.

Yes.

Section C12 of the the BSC is the critical legal text that supports the proposed governance arrangements, it is important that this is limited to governance arrangements only and is not an enduring requirement for MHHS Participants. We see any enduring requirements as being implemented through the forthcoming changes to industry code. Therefore we suggest two amendments below that limit the content to only what is defined by Ofgem and limit its lifetime to the length of the programme.

We suggest adding additional sections to BSC C12, that:

1. Limit modifying this section to the Authority. BSC C12 should not be subject to any general BSC modification change control.
2. Are triggered once the Programme Sponsor has deemed MHHS to be implemented, which remove all obligations on MHHS Participants and delete the relevant sections thereby removing any obligation not established through enduring MHHS programme code changes.

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 are supportive of the proposed governance structure.

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 are supportive that a single industry document is utilised to apply generic governance and cooperation rules to industry parties and organisations involved in the delivery of MHHS. Alternative arrangements would require separate rules to exist in a number of different locations.

We understand the logic of utilising the BSC to host the governance framework given that it is the main code impacted by implementation of MHHS. It is however very important that the scope of this section of the BSC, that MHHS participant must comply with, does not deviate from the governance and cooperation rules that are being proposed within this consultation. Delivery of MHHS would be challenging if requirements of the programme were to exist in this section of the BSC in addition to the various industry codes that are impacted. Elsewhere in our response we propose additional measures for change control and that this section of the BSC should be removed once MHHS is implemented.

Independent Programme Assurance

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

Yes.

We suggest adding additional wording to the 'Assurance Approach' covering the scenario where assurance techniques need to be implemented and it is identified that these may overlap with existing code governance arrangements. Specifically, that wherever possible these techniques align with any existing code measures and processes that are already in place to avoid duplication of effort by parties.

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 are supportive of the approach that specific thresholds are introduced that determine Ofgem intervention in programme matters as this provides clear criteria for responsibility between Elexon and Ofgem.

However, Ofgem's ongoing role in code change and code change governance should be made clearer within the proposed implementation framework. It is our expectation during the implementation of MHHS that Ofgem will retain its general responsibilities in relation to industry codes change and in particular its ongoing detailed involvement with key MHHS code change working groups and the Code Change and Development Group (CCDG). This is of particular importance for MHHS code changes that need to be implemented earlier in the programme as clear requirements are essential to supporting a timely implementation.

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.

We are supportive of the criteria proposed within this consultation. In response to question 9, we propose additional criteria.

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

Yes.

Outside of the MHHS programme Ofgem retains a role in assessing changes to the industry codes, we would recommend that this role is taken into account within the proposed programme governance arrangements. We understand the intention of the proposed implementation framework is that MHHS programme governance and existing established modification governance within each of the industry codes should work alongside each other, specifically utilising the cross code advisory group where required.

However, if conflicts are identified between codes, particularly in agreeing requirements, this may be a further area that would benefit from early Ofgem intervention to avoid delay to the implementation timeline.

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

Yes.

We are supportive of an enduring Ofgem responsibility in this space. It is important for the integrity of the wider programme that there are no perceived conflicts of interest, particularly where this relates to organisations fulfilling more than one role.