

## **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.*

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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?

SPEN are supportive of the detail provided in the proposed code changes. The detailed obligation in section C12 of the BSC are clear and we believe provide adequate details as to the obligations on parties to comply with MHHS and the Programme deliverables in conjunction with the existing license 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?

SPEN view the proposed obligations on all parties to be well defined and reflect clear ownership and accountability at a high level, we anticipate that the lower level detail will develop as the Programme progresses.

The obligations are clear on Elexon in terms of the different roles that they are carrying out and the obligations relating to these roles.

We welcome the reference to responsible parties, making it clear that all parties are responsible for their agents, where these agents are not party to the BSC.

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 have no additional comments at this point.

## 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.

We are supportive of the Governance Structure as detailed in the Framework and are of the view that the key programme areas are duly represented as we would expect in a programme of this magnitude.

We note the scope to stand up relevant workgroups at the appropriate time and to introduce additional workgroups as required, particularly in relation to Technical groups.

We welcome the separation in this area for Elexon in terms of the MHHS Programme and their key 'Market' areas of work.

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?

SPEN note that the MHHS area is, as per this framework a separate area of responsibility for Elexon, and that the day to day operations of Elexon and MHHS are segregated. For this reason, it may not be seen to be an ideal fit to include the MHHS baseline documentation in the BSC, notwithstanding that the daily business of Elexon is separated, the settlements aspect is a key BSC function (whether HH/NHH/MHHS). SPEN can see no other area that the baseline document would 'fit', for this reason we are supportive of the inclusion in the BSC.

## Independent Programme Assurance

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

SPEN are supportive of the appointment of Independent Programme Assurance and the requirement for Ofgem to appoint. This has worked well in Faster Switching and provides assurance to the Industry Parties involved that the Programme progress will be assessed in an objective manner for all parties, with regular reporting requirements.

## 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?

SPEN are supportive of thresholds to be set for Ofgem interventions.

The framework that has been proposed allows for the Programme to progress without proposing that every decision requires Ofgem approval. This allows the Programme to take decisions and progress without the express consent of Ofgem for every scenario. Workgroups are set up to facilitate Ofgem engagement, and the Independent Programme Assurance role ensures that Ofgem will be kept abreast of any issues, allowing interventions at any point of concern.

There would be a risk of potential delays if Ofgem was included in the day to day running of the Programme, and the additional risk of limiting their powers to be impartial.



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 are supportive of Ofgem interventions being based on the 5 key criteria, these reflect the key deliverables of the Programme and provide a clear basis on intervention criteria for Ofgem. SPEN are supportive of the specific cost and timeline thresholds which are reflective of a Programme of this scale.

We welcome the 'impact on competition and Customer impact' elements, as this provides scope for Ofgem to intervene should this have an impact on parties where the impact is lower than the thresholds but may have a significant impact. We believe that this step-in power potentially provides an element of protection for parties/customers where the monetary/delivery threshold is not met but requires review and assessment.

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

We are not aware of any other situation that may warrant Ofgem intervention, we believe that all known scenarios we would expect are covered in the draft Governance Framework.

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

SPEN are supportive of Ofgem having a role in ensuring that conflicts of interest are properly managed in the MHHS implementation. This provides Industry parties with appropriate assurance. We are supportive of the independent assurance role in administering this in the first instance.