

## **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:** ElectraLink

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**Is your feedback confidential?** NO ☒ YES ☐

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If the information you give in your response contains personal data under General Data Protection Regulation (EU) 2016/679 and Data Protection Act 2018, the Gas and Electricity Markets Authority will be the data controller. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. If you are including any confidential material in your response, please put it in the appendices.

## 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?

ElectraLink agrees that the balance between the duty to cooperate in licenses and the more detailed obligations will be sufficient to secure the timely and effective implementation of MHHS. However, we are aware that with an area of rapid change such as this, there is a significant possibility that considerable changes may be made to the programme. There is a need therefore, for obligations to be fluid, ensuring that they will always remain sufficient. This may require an agile change process.

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?

Electralink does not have any comments on the proposed obligations on the programme parties or 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.

ElectraLink does not have any comments on the scope or drafting of the draft obligations.

## 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.

ElectraLink widely agrees with the governance structure as described in the Governance Framework, including the various different industry groups that will be created to implement the new Half-Hourly Settlement (HHS) arrangements.

ElectraLink approves of the new direction taken by Ofgem in allowing industry to lead the implementation of the new HHS arrangements. This will allow for the extensive expertise of various industry parties within the existing Half-Hourly Settlement systems to influence decision making.

ElectraLink is the current provider of the infrastructure used to communicate data related to retail settlement. The Data Transfer Network (DTN) is part of ElectraLink's Energy Market Data Hub (EMDH), an accessible, extensible, scalable, and secure platform which has been designed to fully meet the needs of industry, including the stated requirements of market-wide Half Hourly Settlement (MHHS). With our experience in this role, and the increased role for industry in the process, we believe that we can form an important part of this governance process and provide invaluable insight as to how the data architecture of the new HHS regime should be constructed. We believe our involvement can reduce the risk to consumers that a new system does not provide the benefits that could be realised.

ElectraLink believes that the best position for us to utilise this experience would be within the Design Authority, which will determine the new data architecture. ElectraLink have outlined that we would like to support the Design Authority to Elexon.

ElectraLink agrees with the decision by Ofgem that the current industry working groups that are responsible for designing different aspects of the new TOM in the current phase of HHS work, including the Architecture Working Group (AWG), will continue to perform these roles under the new governance structure. This will allow continuity of personnel and ideas as we move into implementing the reference architecture that has been developed.

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?

ElectraLink does not have any comment on the approach taken by Ofgem in designating the governance structure as a baselined document in the BSC.

## Independent Programme Assurance

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

ElectraLink agrees that Independent Programme Assurance (IPA) is required to ensure that an industry led change programme will progress at the rate required to ensure that the programme hits targets on both cost and time. This is a complex and significant change so the IPA will give assurance to Ofgem and industry that appropriate decisions are being taken and the programme is progressing to plan. ElectraLink is generally supportive of the measures and decisions that Ofgem has taken regarding the IPA mitigating industry concerns of a conflict of interest between the new programme manager, Elexon, and other industry participants looking to take a role in any future settlement landscape. These steps include:

- Ofgem procurement of the Independent Assurance Provider.
- The IPA having the responsibility to monitor Elexon – in its role as the SRO, Design Authority and PMO – with a specific goal to seek regular assurance that that it is not favouring Elexon in its role as BSC system provider.
- The specific assurance principle of the Independent Assurance Provider to regularly assess whether the processes related to conflicts of interest within Elexon are effective.

Alongside these specific areas, ElectraLink would be supportive of a principle that ensured that the relationship between the Independent Assurance Provider, Ofgem and Elexon is reviewed regularly to ensure that the assurance regime is working effectively. This will continue to ensure positive consumer outcomes and ensure there is trust from the industry in the governance of the programme.

## 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?

ElectraLink agrees that specific criteria should be set for Ofgem's involvement in the programme.



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?

ElectraLink agrees that Ofgem intervention in the programme should be based on these five thresholds. We believe it is important that Ofgem ensures that any significant changes to the programme (in terms of design of data transfer, for example) are reviewed and managed by Ofgem.

We believe that the costs implication should be considered from a 'whole industry' perspective to ensure that costs are not incurred by industry parties in place of the programme.

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

ElectraLink does not believe that there are any other criteria that would warrant Ofgem intervention outside of those already outlined by Ofgem and addressed here in question 8.

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

ElectraLink believes that Ofgem should have a role in ensuring that conflicts of interest are properly managed within HHS implementation.