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25<sup>th</sup> June 2021

Dear Rachel,

### **Market Wide Half Hourly Settlement (MHHS) – Implementation Arrangements**

I'm pleased to take this opportunity to respond on behalf of ScottishPower Energy Retail Limited to your consultation request.

ScottishPower supports the implementation of market-wide half hourly settlement in pursuit of the benefits <sup>1</sup> it can deliver to consumers and indeed the market as a whole. The success of this significant industry development will hinge, amongst other things, on Ofgem and the central programme providing efficient proposals, clearly stated requirements, effective communication with participants and consumers, a robust plan, a cost-effective programme and governance framework.

ScottishPower also supports the principle of industry taking a leading role in delivering the programme and of the delegation of SRO to Elexon, and notes that Ofgem remains responsible for delivering a successful industry change. To this end it is critically important that Ofgem has appropriate governance arrangements and appropriately detailed oversight of the programme.

Our detailed comments on each consultation question are shown at Annex 1.

In the meantime, I would draw your attention to the particular observations summarised below.

Firstly, ScottishPower is aware of the speed at which the programme is developing and was pleased to see the approval of its P413 Alternative which recognised the capabilities of Elexon personnel to mobilise the programme quickly. In this context it's not surprising that Elexon's proposals are now evolving at speed and that brings with it the challenge of version control and maintaining a consistent message. We have noted some 'drafting casualties' in that regard in our response in Annex 1 below.

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<sup>1</sup> [Ofgem Business Case](#)



It's also important to ensure appropriate controls to avoid conflicts of interest and ScottishPower is pleased to see that Ofgem have addressed the concerns we and other respondents expressed in the January 2021 consultation.

It's also reassuring to see that Elexon recognised early on that they did not have the capacity to action all the central PMO roles and are committed to bringing in 3<sup>rd</sup> party support, as per the suggestions by the Complete Strategy paper.

Participants who are marshalling resources to meet programme timelines must not be disadvantaged by delays arising from central programme decisions. ScottishPower would like Ofgem to assure programme participants how it will make timeous decisions if and when required (including for both step-in and IAP escalations). ScottishPower can see no proposals for submission or turn-round times for such referrals and decisions. This should either be expressly set out in the Governance Framework or recognised as part of the planned review of the programme timetable in October 2021. If necessary, flexibility might need to be built into that timetable to accommodate the risk of such decisions. At the very least, in the event of any necessary delay, we would ask Ofgem to ensure that appropriate allowance is made to the programme - and in the interests of transparency, that rigorous explanations are provided to industry participants for the delay.

Finally, ScottishPower is concerned about cost control for the central programme, The central programme is already budgeting for £90m over 4½ years. That includes elements of uncertainty and "optimism bias" of c. £10m. However the further £20m before Ofgem step-in is unacceptable. We accept that, for operational efficiency purposes, a programme should have a normal level of contingency that SRO can call-off within the budget. However costs must not escalate and variations within budget must not be explained 'after the event' but approved by PSG before they are committed. In addition for variations beyond budget (i.e. requests to draw on the further contingency above £90m) must also be robustly governed, requiring prior PSG approval or indeed veto. A second level of control should allow for individual parties to put the case directly to OFGEM against forecast increases to budget over a *de minimis* threshold.

I'd like to thank you for the opportunity to respond to this consultation on a change that will set fair the sails of the electricity industry to meet NetZero and consumer needs for the foreseeable future.

Yours sincerely,

**Mark Bellman**

Head of Settlement  
ScottishPower Energy Retail Limited



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**ScottishPower Energy Retail Consultation Response**

**ScottishPower**  
June 2021

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**Question 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, we agree it is sufficient, as the consultation document states, it's helpful for participants to have their obligations set out in greater detail, rather than simply relying on the 'duty to co-operate' included in the relevant licences.

We have no comments on the balance of the general obligations in the duty to cooperate and the more detailed obligations set out in the consultation.

For comments on the content of the obligations themselves, please see comments set out in answer to question 3.

**Question 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?*

While we agree with the overall proposal, we have provided detailed comments on the drafting in our response to Question 3 and in Annex 2.

**Question 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.*

Please note that in addition to our comments in answer to this question, we have provided detailed comments on the drafting in Annex 2.



### Role of Elexon and Implementation Manager Functions

Ofgem's decision of 20 April 2021<sup>1</sup> states that Elexon as Senior Responsible Owner (SRO) will be required to procure certain elements of the MHHS Implementation function from independent third parties, including:

- Programme Management (or key elements of it);
- System Integrator; and
- Programme Party Coordinator.

We are aware that Elexon is evaluating the best approach to resourcing the various programme activities, which is likely to include procurement of a lead development partner who may then sub-contract certain elements, leaving other elements to Elexon to resource. However, the drafting of the proposed code changes seems ambiguous in places and may not accommodate potential resourcing options, suggesting that Elexon as "BSCCo" will be acting and performing these various roles<sup>2</sup>. Documents are clear that Elexon as SRO remain responsible for the activities, and this does not preclude sub-contracting them, however the reference to acting and performing the roles may preclude them from sub-contracting the roles. This ambiguity also exists in the draft Governance Framework<sup>3</sup>, and the consultation document<sup>4</sup>.

Some of the proposed drafting is unclear and cyclical. For example:

- Paragraph 12.6.2(h) of the proposed amended BSC provides that one of the responsibilities of the MHHS PMO is to identify risks to successful completion of MHHS Implementation Timetable milestones and to report on these risks to the MHHS SRO. As currently drafted, the code states that Elexon is the MHHS PMO<sup>5</sup>, and Elexon would therefore be required to report on these risks (which would include central programme risks) to itself;
- Paragraph 12.7 of the proposed amended BSC provides that "BSCCo shall act as and perform the role of the 'Design Authority' for MHHS Implementation". However, both the consultation document<sup>6</sup> and draft Governance Framework<sup>7</sup> provide that the Design Authority is a group including industry representatives and is chaired by Elexon, albeit with such decision-making powers as delegated by the SRO (which is BSCCo).

So, although it's clear that the SRO has the ultimate authority for making Design Authority decisions, the legal drafting does not make clear the vires of BSCCo to delegate such decisions to the Design Authority group. The drafting should be amended to make this clear.

ScottishPower understands from the consultation documents that the intention is for Elexon to procure these functions competitively from independent providers, but to be responsible to

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<sup>1</sup> Ofgem's Decision, 'Electricity Retail Market-Wide Half-Hourly Settlement: Decision Document', 20 April 2021, page 4, and paras 8.7-8.10.

<sup>2</sup> See Proposed Code Changes, BSC paragraphs 12.2.10, 12.4.1, 12.4.4, 12.6.1, 12.8.1, and 12.9.1.

<sup>3</sup> See e.g. Draft Governance Framework paragraph 1.7.

<sup>4</sup> Ofgem Consultation, 'Implementation Arrangements for Market-Wide Half-Hourly Settlement', para 3.10.

<sup>5</sup> Proposed Code Changes, BSC paragraph 12.6.1.

<sup>6</sup> Consultation, para 4.10.

<sup>7</sup> Draft Governance Framework, para 1.38.

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Ofgem for their performance<sup>8</sup>. This would also appear to be the effect of paragraph 12.4.4 of the proposed code changes. This being the case, then the drafting should be clarified to avoid confusion arising from the above points, and avoid further changes that may be required to reflect these third party providers.

#### Data Cleansing

It is not clear from the consultation documents and proposed code changes what is meant by "data cleansing" as it does not explain what it will involve or, and who will be carrying it out. Further explanation of the meaning of "data cleansing" would be welcomed. ScottishPower expects to carry out data cleansing as part of any system and process change but needs to know as soon as practicable what is intended here in order to determine the impact on our internal MHHS programme. We recognise the data cleansing has been challenging as part of the Switching Programme and would recommend that the exact data items are identified as early as possible to allow all suppliers (including their agents) and distributors to fully assess and understand the impacts on their individual businesses. This would also allow data cleansing to start far earlier, allowing any potential industry process issues to be identified and resolved quickly.

#### BSC Paragraph 12.4.8 and Change of MHHS Implementation Manager

If it is envisaged that only one change of MHHS Implementation Manager, from the BSCCo to another entity, will take place, then the current drafting works. However, if BSCCo may not be the best body to take MHHS Implementation forward at a particular point, then it is foreseeable that the replacement body may also not be. The drafting may therefore need to be revised and generalised to take account of this, and we have suggested revised drafting at Annex 1.

#### BSC Paragraph 12.6.2(d)

This paragraph states that decisions that will ultimately require modifications ...are developed and consulted upon in accordance with '**good regulatory practice**' (emphasis added) a term which is not defined anywhere and should instead be replaced by 'Good Industry Practice', which is a defined term and is a broad enough concept to be properly applicable here.

#### BSC Paragraph 12.10.5

We suggest that an explicit duty on the Independent Assurance Provider to monitor and report on issues with conflicts of interests and BSCCo's separation of its roles is included in this paragraph.

#### BSC Paragraph 12.12

Sub-paragraph 1(a) refers to new and modified "business processes". Failure to meet this obligation to modify or create new processes for MHHS Implementation could result in enforcement action by the Code Panel. Such "MHHS Processes" should be defined as those in a "MHHS Process Dictionary" (or similar), which should be defined as a document to be produced and made available to participants by the SRO.

In addition, a number of the obligations do not take sufficient account of, or provide for flexibility in the event of, the potential impact of unforeseen circumstances outside participants' control<sup>9</sup>.

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<sup>8</sup> Consultation, paras 3.3 and 3.5.

<sup>9</sup> See proposed code changes, BSC paragraphs 12.12.1(d), 12.12.1(h), 12.12.2, 12.12.3(e), 12.12.4(a), 12.12.5(a), 12.12.5(c), and 12.12.6.

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#### BSC Paragraph 12.16

As currently drafted, agents may have to undergo testing with every Supplier that they work with. However, some Party Agents will work for more than one Supplier; some may start working with a Supplier during or immediately after the testing phase. Therefore, this requirement, in our view, is both unnecessarily onerous and will in any case not be exhaustive (i.e. it will not capture every combination of Supplier-Agent operating under new arrangements).

It should be sufficient for Suppliers to be able to test functionality with some of their agents, either 3<sup>rd</sup> party agents or in-house agents, as currently happens with End-to-End testing in the Faster Switching programme.

#### BSC Paragraph 12.17.3 (a)

This requirement is unnecessarily onerous, particularly when participants are required to undergo self-assurance reporting and the requirement for directors to sign-off plans. ScottishPower suggests that this requirement is imposed only as a corrective control not a preventive control, in the event that Ofgem has reasonable grounds to believe that the party's plans are deficient. ScottishPower believes the application of this technique should be *ex post*, contingent on review by and recommendations of the Independent Assurance Provider or the Programme Party Co-ordinator.

#### BSC Paragraph 12.17.3(b)

This requirement will be more onerous for some participants than others, however on balance we believe it is a good discipline and will ensure executive level challenge of participants' readiness to achieve key programme milestones and enter and exit testing phases. The increased certainty arising from such scrutiny will be of benefit to all programme participants.

#### Changes to Smart Energy Code, Retail Energy Code, CUSC, and DCUSA

We have suggested in Annex 2 a minor amendment to these proposed changes, to clarify the meaning of "participant".

*Question 4: Do you support the governance structure as described in the 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.*

#### Role of Elexon and Implementation Manager Functions

We have some concerns regarding potential contradictions in the draft Governance Framework regarding Elexon's role and whether or not it is to perform certain functions within the programme. We have included our comments on this as part of our answer to question 3, as there are similar issues with the drafting of the proposed code changes.

#### Independence of Independent Assurance Provider

The consultation documents stress the need for the Independent Assurance Provider ("IAP") to be independent from Elexon in its role as MHHS Implementation Manager. We agree with this, and Ofgem's decision that the IAP will be procured by Ofgem, will report to the Programme Steering Group and will owe a direct duty of care to Ofgem.

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However, ScottishPower do not agree that Elexon should have day-to-day management of the IAP contract in view of it being subject to assurance by the IAP and monitored by them for conflicts of interest. This could cause difficulties of practice and perception of independence for IAP.

We acknowledge that paragraph 1.23 of the draft Governance Framework provides that "Arrangements will be put in place to ensure that the IPA will act independently of Elexon, and that the IPA's findings and recommendations are unduly influenced or altered by Elexon". However, we remain of the view that it's inappropriate for Elexon to be responsible for day-to-day management of the IAP contract.

Paragraph 5.20 of the consultation document states that, "The rationale for placing the contract management with Elexon is that the SRO and Programme Manager role sit with Elexon, and as such Elexon is best placed to manage the assurance across the whole scope of the programme, including interactions with the System Integrator and Programme Party Coordinator". ScottishPower believes that, despite the proposed duty of care provision, there remains a risk of conflict of interest and therefore fundamentally disagrees with this proposal. ScottishPower would prefer that Elexon would, as proposed, advise on the nature of the programme, the parties involved and provide support for assurance activity but that it should not be managing either the assurance activity or the commercial IAP contract. The IAP should be contractually obliged only to Ofgem, reporting periodically to Ofgem and the PSG and interacting in a truly independent role with the PSG and programme participants.

#### Assurance Framework

Our view is that the self-assurance reporting system with regular independent assurance involvement currently in place for the Faster Switching programme works well. We would welcome a similar framework being in place for MHHS.

#### Programme Governance Groups

Our view is that the membership structure of the Faster Switching group works well, with 1 representative for each category of the large suppliers, medium suppliers, small suppliers and non-domestic suppliers attending meetings and reporting back to suppliers. It is important that this, and indeed the rest of the Governance Framework, is in place before the review planned for October 2021, and we therefore welcome Ofgem's aim expressed in the consultation document to have the framework in place by September 2021<sup>10</sup>.

The fact that a meeting of a programme group will be quorate even though the sole representative of a category of participants is not present could lead to the views of categories of participants not being taken into account in all decision-making. This in turn could lead to decisions being taken that are not in the best interests of the industry as a whole, but on the interests of only those represented at the relevant meeting. ScottishPower believes that all representatives should, for any meetings they are unable to attend, appoint a suitable alternate appropriately briefed and that quoracy should require a representative of each category of participants at the meeting in question.

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<sup>10</sup> Consultation, para 4.12.

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We also have concerns regarding the SRO's authority to act as sole decision-maker on behalf of the PSG. While we note that Ofgem do make it clear in the consultation that Elexon should aim for consensus among PSG members, this will not always be possible, and there is a risk that Elexon will take decisions without considering the concerns of some participants; this could result in the perception of bias by Elexon, especially if the decision is not in accordance with a majority view of PSG. If this provision is to be retained as is, then SRO should be required to publish the objectives of or criteria for decisions. ScottishPower would prefer an alternative approach to decision-making, on the basis of a formal voting majority by PSG, with SRO making a casting decision only in the event of deadlock.

#### Change of MHHS Implementation Manager

Paragraph 12.4.8 of the proposed amended BSC provides that Ofgem may "in accordance with the MHHS Governance Framework" decide that an entity other than Elexon should perform some or all of the roles of MHHS Implementation Manager. There is nothing specific, however, within the Governance Framework setting out how this process should work, or if there are any criteria that Ofgem will need to apply when making such a decision. Given the potential for disruption to Participants' engagements with the central programme ScottishPower would like to see some clarity, such as criteria, in the Governance Framework for such a change.

#### Governance Change Process

The draft Governance Framework currently proposes that different change processes may be established for different programme documents to reflect their significance<sup>11</sup>. ScottishPower presumes this to mean that changes would be more rigorously assessed with wider-ranging consultation and more senior approvals for more significant documents. However that is not clear and ScottishPower would like to see this made explicit in Elexon's proposals (referred in para 1.50). In addition In any case, Elexon's proposed change processes must ensure robust version control across all documents, regardless of the level of significance. We suggest adding the words "All change processes must ensure robust version control across all documents, regardless of the level of significance" to para 1.49.

**Question 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 that the structure is reasonable and appropriate. ScottishPower is concerned, as noted above, that (per clause 4.8) Elexon as SRO will be making the decisions not the PSG. This approach is also at odds with that proposed for the Design Authority which will according to the Governance Framework make decisions under powers delegated by the SRO. It seems reasonable for PSG to operate in the same manner under powers delegated by the SRO and through a formal voting arrangement.

**Question 6:** *Do you have any comments on the proposed assurance principles?*

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<sup>11</sup> Draft Governance Framework para 1.49.

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ScottishPower notes that our comments from the Programme Implementation Principles Consultation earlier this year on conflict of interest have been addressed (Ofgem will procure and hold the contract for the Independent Assurance Provider).

We have made a number of comments elsewhere on the proposed assurance and principles these should be read in the context of this question too.

**Question 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, it is sensible for Ofgem to only be involved once certain thresholds are met.

ScottishPower notes, and agrees with, the proposal for flexibility under which the IAP will also be able to refer matters to Ofgem that may be of particular significance to the programme but are not covered by the specific criteria currently set out.

ScottishPower also makes observations on the particular thresholds in its response to Question 8.

**Question 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?*

Scottishpower agree that Ofgem intervention should be based on the five criteria above plus a further two:

- evidence of a conflict of interest by any part of the programme impacting the quality or costs of the central programme, and
- as noted at 2.18 in the Consultation document <sup>13</sup>, any other reasonable basis as may be recommended by the IAP. Examples of which include where there are significant disagreements at PSG with an SRO decision <sup>14</sup>; or where evident weaknesses in either the central or industry parties' programmes indicate significant risk to quality of deliverables.

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<sup>13</sup> "... through our Programme Sponsor role, we should be able to intervene to take decisions or direct action as necessary where certain thresholds are breached, or where the Independent Assurance function recommends that an issue should be escalated to Ofgem."

<sup>14</sup> refer Consultation Document para 4.9 "... If the independent assurance provider considers that the nature or scale of the disagreement between PSG members and the SRO meets the threshold for Ofgem intervention then they can refer the matter to Ofgem, who will be able to direct the outcome."

Regarding the specific thresholds, ScottishPower would also make the following comments:

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## Costs

- ScottishPower is supportive of Ofgem's Implementation & Governance proposals, the principle of industry taking a leading role in delivering the programme of required developments for MHHS and also of the delegation of SRO to Elexon and that Ofgem remains responsible for delivering a successful industry change. To this end it is critically important that Ofgem has appropriately detailed oversight of the programme, including PSG-approved reforecasts of costs at suitable intervals.
- Whilst the benefits of MHHS are considerable (£1.6bn - £4.5bn over the period 2021- 2045), and certainly capable of supporting a significant change programme, it is also important that these are not diluted by inefficient or ineffective central programme expenditure.
- Elexon's £90m programme estimate already includes elements of uncertainty and "optimism bias" of c. £10m. And so, a further £20m before Ofgem step-in is unacceptable. The £39m overspend on Faster Switching Programme was about 10%. We believe that £9m cumulative projected overspend is a suitable threshold at which OFGEM should carry out a formal review of the adequacy of Elexon's budget and plans to reassure industry and consumers that the costs are not going to escalate further.
- Variations within budget must be approved by PSG before they are committed rather than explained 'after the event'. In addition requests to draw on the further contingency above £90m should require prior PSG approval or indeed veto.
- A second level of control should allow for individual parties to put the case directly to OFGEM against forecast increases to budget over a *de minimis* threshold (e.g. £3m)

## Timeliness

ScottishPower is concerned on two points regarding level 1 programme milestones impacted by fewer than 3 months being raised through the programme governance rather than Ofgem.

- If a level1 milestone is delayed by fewer than 3 months but is on the critical path, then the down-stream dependent activities should also be extended as default unless the SRO can justify to the PSG's satisfaction a reduced activity or altered dependencies.
- If there were two or more changes of fewer than 3 months, whether on the critical path or not, this could still impact overall delivery of both the central programme and industry parties' change programmes. ScottishPower understand from a verbal response by an OFGEM representative that the 3-month threshold would be measured cumulatively and that this scenario would therefore trigger Ofgem intervention.



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

Yes, ScottishPower would like to see Ofgem's intervention if a significant unforeseen cross code impact was identified. Dependencies on the other codes such as BSC, DCUSA, CUSC, REC and CSS need to be considered through cross code working throughout the programme to eliminate any risks, issues or impacts to the MHHS program or existing codes and processes.

We believe that a key to success here will be Ofgem watching cross-code exposures closely to prevent delays and fragmented developments (as has happened with previous developments such as P272); Ofgem should be prepared and ready to instruct an Significant Code Review if necessary to coordinate cross-code dependencies.

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

Conflicts of interest could arise through various vectors and affect governance or indeed development of the central programme. ScottishPower welcomes Ofgem's proposal to address concerns raised by respondents in the Jan-21 consultation regarding conflicts of interest by contracting for the IAP role.

The programme lasts for 4.5 years and it's quite possible that during that time either changes to the programme or indeed the entities taking part could result in a hitherto unforeseen conflict of interest. It's therefore critical that Ofgem and its IAP maintain a thorough watching brief, including formal or informal investigations, and act quickly if there is just cause to suspect a conflict of interest might occur.

ScottishPower believe the requirement to investigate and report to Ofgem possible conflicts of interest should be included in the duties of the IAP (as noted in our proposed revision-marked amendment at 12.10.5(g) below).

**Suggested Changes to Proposed Code Changes (changes shown in red)**

**ScottishPower**  
June 2021

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**BSC Paragraph 12.4.8**

The Authority may, in accordance with the MHHS Governance Framework, determine that an entity other than ~~the current MHHS Implementation Manager from time to time BSCCo~~ is to perform some or all of the roles of the MHHS Implementation Manager (or parts of those roles) ~~(for the purposes of this paragraph 12.4.8, the "Outgoing MHHS Implementation Manager")~~. In such circumstances:

- (a) ~~BSCCo~~ **the Outgoing MHHS Implementation Manager** shall cease to perform the relevant role(s), and the remainder of this paragraph 12 shall be interpreted accordingly;
- (b) the **Outgoing** MHHS Implementation Manager and each MHHS Participant shall co-operate and provide reasonable assistance in relation to the transfer of functions;
- (c) BSCCo shall, if so directed by the Authority, contract with and pay the replacement provider of the relevant role(s) on the contract terms directed by the Authority; and
- (d) the **Outgoing** MHHS Implementation Manager and each MHHS Participant shall continue to comply with its obligations in respect of MHHS Implementation vis-à-vis the replacement provider of the relevant role(s).

**BSC Paragraph 12.6.2(c)**

establishing and administering the document change control process as required by the MHHS Governance Framework (where relevant, in conjunction with the MHHS DA), including impact assessment and consultation (which must include consideration against any factors specified in the MHHS Governance Framework, and cover impact on consumers, costs to different classes of MHHS Participants and the ~~effect~~ on MHHS Participants to meet the MHHS Implementation Timetable;

**BSC Paragraph 12.6.2(d)**

ensuring that any decisions that will ultimately require modifications to this Code or any other Industry Code are developed and consulted upon in accordance with ~~good regulatory practice~~ **Good Industry Practice**;

**BSC Paragraph 12.10.5**

The duties of the MHHS Independent Assurance Provider shall include (without limitation):

- (a) providing confidence to the MHHS Participants that MHHS Implementation will be successfully delivered against the MHHS Implementation Timetable, deliver the MHHS Target Operating Model and achieve the other outcomes specified by the Authority as part of the market wide half-hourly settlement Significant Code Review;

- (b) managing and giving effect to the assurance principles and mechanisms set out in the MHHS Governance Framework;
- (c) where there are disagreements between the MHHS Implementation Manager and MHHS Participants, **or between the MHHS SRO and the Programme Steering Group** in relation to MHHS Implementation, providing an independent assessment of the issue and recommendations for resolution, **including to escalate for Ofgem intervention if appropriate**;
- (d) delivering independent assurance reporting to the MHHS SRO, to the MHHS Programme Steering Group and to the Authority in relation to MHHS Implementation;
- (e) providing advice to the MHHS SRO, to the MHHS Programme Steering Group and to the Authority on any required improvement to MHHS Implementation in order to ensure its successful delivery in accordance with the MHHS Implementation Timetable, and delivery of the MHHS Target Operating Model and achievement of the other outcomes specified by the Authority as part of the market wide half-hourly settlement Significant Code Review; **and**
- (f) Ensuring that there is independent assurance of compliance with the MHHS ISMS; **and**
- (g) **Identifying and reporting to the Authority on conflicts of interest, including issues relating to BSCCo's separation of its roles of MHHS Implementation Manager and MHHS Participant in accordance with the MHHS Governance Framework.**

#### BSC Paragraph 12.11.1

Separate from its role as MHHS Implementation Manager, BSCCo is an MHHS Participant. In addition to its general obligations as an MHHS Participant (as to which see paragraph 12.12), BSCCo also has particular responsibilities as an MHHS Participant in respect of the MHHS Qualification Plan and the MHHS Migration Plan.

#### BSC Paragraph 12.12.1

- ...
  - (d) **insofar as reasonably practicable** refrain from any action which would compromise or unduly delay MHHS Implementation;
  - (e) comply with **its obligations under** the MHHS Governance Framework;
- ...
  - (h) **insofar as reasonably practicable** comply with the Authority's directions from time to time relating to MHHS Implementation;

#### BSC Paragraph 12.12.3(e)

they must provide all information and access reasonably required by the MHHS SI, co-operate with the MHHS SI **as reasonably required**, and act in accordance with the reasonable instructions of the MHHS SI.

#### BSC Paragraph 12.12.4(a)

**insofar as reasonably practicable**, they must comply with their obligations under that plan;

#### BSC Paragraph 12.12.5

- (a) **insofar as reasonably practicable**, they must comply with the MHHS Defect Management Plan;

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...  
(c) they must ensure that any defects it identifies are resolved **in so far as this is within its control** in accordance with the MHHS Defect Management Plan.

**BSC Paragraph 12.17.4**

Each MHHS Participant is required to comply **in so far as reasonably practicable** with the assurance processes applied by the MHHS Independent Assurance Provider in accordance with the MHHS Governance Framework, and BSCCo shall (insofar as within its control) give effect to any decisions of the MHHS Independent Assurance Provider.

**Smart Energy Code Section C7.13**

"Market-wide Half-Hourly Settlement Implementation

7.13 SECCo shall (and the Panel shall ensure that SECCo shall) comply with the obligations expressed to apply to SECCo (either specifically or generically as a category of **participant MHHS Participant as defined in the Balancing and Settlement Code**) under section C12 (Market-wide Half-Hourly Settlement Implementation) of the Energy Code known as the Balancing and Settlement Code."

**Retail Energy Code Clause 5.24**

"Market-wide Half-Hourly Settlement Implementation

5.24 RECCo shall (and the REC Board shall ensure that RECCo shall) comply with the obligations expressed to apply to RECCo (either specifically or generically as a category of **participant MHHS Participant as defined in the Balancing and Settlement Code**) under section C12 (Market-wide Half-Hourly Settlement Implementation) of the Balancing and Settlement Code."

**CUSC Clause 8.2.3**

"Market-wide Half-Hourly Settlement Implementation

8.2.3 National Grid Electricity System Operator Ltd ('NGESO Ltd') (and the Panel shall ensure that NGESO Ltd shall) comply with the obligations expressed to apply to NGESO Ltd (either specifically or generically as a category of **participant MHHS Participant as defined in the Balancing and Settlement Code**) under section C12 (Market-wide Half Hourly Settlement Implementation) of the Balancing and Settlement Code."

**DCUSA Clause 7.42**

"Market-wide Half-Hourly Settlement Implementation

7.42 DCUSA Ltd shall (and the Panel shall ensure that DCUSA Ltd shall) comply with the obligations expressed to apply to DCUSA Ltd (either specifically or generically as a category of **participant MHHS Participant as defined in the Balancing and Settlement Code**) under section C12 (Market-wide Half-Hourly Settlement Implementation) of the Balancing and Settlement Code."