

Report

Update: Electricity Settlement Reform Significant Code Review. Response to the CCDG recommendations on the transition approach for MHHS

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This update is in response to the MHHS transition approach recommendations report delivered by the Code Change Development Group (see footnote 1).

Ofgem thank the Code Change and Development Group (CCDG) for delivering their report detailing their recommendations for the transition arrangements for Market-wide Half-hourly Settlement (MHHS), published on 30th September 2021.¹

We are now setting out our expectation for the Elexon-led MHHS Programme (MHHSP) and industry to ensure that these recommendations are appropriately taken into account in the pre-migration (including data cleanse) and migration activities.

We advise that the early code modifications identified within the recommendations are progressed via the programme governance mechanisms currently being set up, on a timescale consistent with the overall transition timetable published alongside our Full Business Case (FBC) decision document.² As already communicated, we suggest that the MHHSP work up any resulting necessary code modifications and hand them over to the

¹ The recommendation report from the CCDG can be found [here](#) on the ELEXON website

² The FBC decision document and associated documents, including the transition timetable, can be found [here](#) on the Ofgem website

codes for progression through the usual industry process.³ If it becomes apparent at any point before appointment of the Independent Programme Assurance provider (IPA) that the process may face timing issues, we would advise MHHSP to bring this to the attention of Ofgem as soon as possible. If consideration of these recommendations through programme governance shows that implementation of them would reach any of the thresholds for Ofgem intervention, we would expect MHHSP to bring those issues to Ofgem with recommendations.

We acknowledge the impact that recommendation 4 "*early introduction of a 'one way gate' to prevent reverse migration in all market segments*" would have on delivery timescales, and that it would need to be taken into account when re-baselining the programme timetable. We also acknowledge that some respondents to our consultation on our draft Impact Assessment (IA) considered that a one-way gate could have implications for competition.⁴ We would therefore expect MHHSP, the Programme Steering Group and the IPA to carefully assess any proposals relating to the one-way gate against the competition threshold for escalation to Ofgem. We also note that any proposals to change a level 1 milestone by 3 months or more would come to Ofgem for decision. We would expect such escalations to happen at an appropriate point in the progression of the usual industry processes, so as to best facilitate timely decisions.

³ We shall consider all information and make any decisions in relation to the code modifications when those code modifications come to us following that process

⁴ See paragraphs 5.9 and 5.19 of our [Decision Document](#)