**17 February 2022**

By e-mail to: [HalfHourlySettlement@ofgem.gov.uk](mailto:HalfHourlySettlement@ofgem.gov.uk)

**Dear Rachel,**

**RE: Market Wide Half Hourly Settlement (MHHS): Consultation on the governance, funding and operation of an Event Driven Architecture**

We are pleased to attach Elexon’s response to Ofgem’s consultation on the governance, funding and operation of an Event Driven Architecture. Below we provide a summary of the key points and follow those up in detail in our answers to the consultation questions.

Elexon is the Code Manager for the Balancing and Settlement Code (BSC), which facilitates the effective operation of the electricity market. We are responsible for managing and delivering the end-to-end services set out in the BSC and accompanying systems that support the BSC. This includes responsibility for the delivery of balancing and imbalance settlement and the provision of assurance services to the BSC Panel and BSC Parties (energy suppliers, generators, National Grid ESO, network companies and Virtual Lead Parties).

We manage not just the assessment, but also the development, implementation and operation of changes to central systems and processes. In addition, our expertise is available to support the industry, government and Ofgem in considering future changes and innovation against the existing industry rules, for the benefit of the consumer.

Elexon has been working for some years with Ofgem and the industry to develop and agree the TOM (Target Operating Model) for MHHS and most recently was appointed by Ofgem as Senior Responsible Owner for the industry wide MHHS Programme. Therefore we fully understand what the EDA is proposing to do and what it is to be used for.

A summary of the key points of our consultation response:

* Having considered the EDA in detail and objectively assessed what EDA will be used for, and by whom, we do not agree that EDA should be managed under the REC. Predominantly this is because the EDA and its data are intrinsic to settlement and are essential for the BSC processes operated by Elexon, whereas the case for the EDA being governed under the REC centres around enabling innovators access to the information for analysis. Whilst access to information is important and could in any event be enabled by Elexon, see below, it is not essential. In addition if the BSC is chosen to house the EDA then the existing BMRS service, using Power BI can be used to automatically provide free of charge data to interested parties (as it does now)[[1]](#footnote-2).
* Whilst we agree with the proposed criteria, we think consideration of the future operator’s ability to deliver complex cloud-based IT system change and delivery, alongside proven management of multiple service providers should be part of the assessment criteria.
* We would also note that having the BSC as home for the EDA will encompass many more industry actors in the sector than the REC would provide and give an opportunity to assess future use of the EDA in the market. The BSC covers:
  + Generators
  + Trading Parties (including Interconnectors)
  + Network companies (DNOs and LDSOs)
  + Suppliers
  + National Grid ESO
  + Virtual Lead Parties (aggregators of Supplier Volume Allocation (SVA) and facilitate the participation of aggregators in the balancing markets.

Under modification P332 there is also consideration of including metering agents under the BSC.

* There is flexibility under the BSC to allow different actors, or classes of actors, to fund arrangements, most recently seen where only Suppliers are funding the MHHS Programme. That said, we are of the strong opinion that it is not for Elexon to opine on who should fund the EDA, as this is a matter for Ofgem and the industry. We would however caution that it would seem out of step with the Codes Review objectives to consider funding the EDA under the REC, if it would mean parties who are not required to accede to the REC for any other reason would then be required to do so. In this regard we would point to National Grid ESO and generators.
* We would also highlight that the BSC has the ability for non-BSC parties to raise modifications to the BSC, with the most recent example being modification P435, raised by the Low Carbon Contracts Company. However, this is allowed with prudent controls. The BSC Panel has a role under the BSC in considering modifications to ensure that there are no spurious or vexatious modifications progressed, thus protecting BSC Parties from funding unnecessary or unrealistic changes. The BSC Panel itself includes a wide breath of experience and includes representation from Citizen’s Advice for a consumer interest perspective.
* We believe that considering any other governance mechanisms or parties to take on governance of EDA would lead to unnecessary fragmentation of central industry systems and equally be out of step with the Codes Review objectives.

Finally, we have a concern that, due to the title of this consultation, that some of the Licencees who would have a legitimate interest in this consultation, such as the generators and National Grid ESO may not have realised that this is something for them to consider. We would therefore hope that Ofgem makes sure that these companies are aware of what is being considered and seek their views accordingly.

If you would like to discuss any areas of our response or require detailed information about any of the BSC arrangements please contact Alina Bakhareva, Head of Strategy, External Affairs and DA on 020 7380 4160, or by email at [alina.bakhareva@elexon.co.uk](mailto:alina.bakhareva@elexon.co.uk)

Yours sincerely,

Sara Vaughan

Interim CEO

1. Elexon is in the process of creating a new Analysis and Insight Product which will digitise this service and move away from PowerBI, providing substantial User benefits [↑](#footnote-ref-2)