

## Decision on Change Requests CR001 and CR002 for Market-Wide Half-Hourly Settlement

Subject	Details
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On 7 April 2022, we received a recommendation from the Market-Wide Half-Hourly Settlement Senior Responsible Owner with regard to two Change Requests raised within the Programme for delay of the design-related milestone 'M5 - Physical baseline delivered'. On 8 April we received a report with recommendations about both Change Requests from the Independent Programme Assurance provider.

We have considered both documents, taken into account the information provided by parties about the impact of the Change Requests and sought some additional information from certain parties. This decision document sets out our decisions on both Change Requests.

Ofgem has decided to approve Change Request CR001 and reject Change Request CR002 as recommended to Ofgem by the SRO. We expect that, as set out in the Balancing and Settlement Code, all MHHS Programme Participants will ensure that they can operate in accordance with the MHHS Implementation Timetable, as baselined at any point in time, and so ensure timely implementation of MHHS.

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## Executive summary

### Introduction

On 20 April 2021 Ofgem published our MHHS Decision, Full Business Case and Final Impact Assessment.<sup>1</sup> As part of that Decision we also published a Transition Timeline<sup>2</sup> for MHHS. The timeline set a number of Level 1 milestones for the Programme, including 'M5 Physical Baseline Delivered' - which was due in April 2022. Changes to Level 1 milestones of 3 months or more can only be made with the approval of Ofgem as Programme Sponsor.

Based on the current status of design activity the M5 milestone will not complete in line with the plan baseline date of April 2022 and the Programme considers that a change to the planned milestone date is required. In March, two Change Requests (CRs), CR001<sup>3</sup> and CR002<sup>4</sup>, were raised to the Implementation Timetable.

Both sought to move the date of M5, with CR001 moving it to 29 July 2022 and CR002 moving it to 30 November 2022. Whilst CR001 might be considered to move the milestone by only 2 months and 29 days and, therefore, fall short of the need for Sponsor approval, the SRO considered that it was for all practical purposes a delay of 3 months and that it would be appropriate to seek Sponsor approval. We agree.

### Impact Assessment

In March 2022, in accordance with the draft change control process for the Programme<sup>5</sup>, MHHS Participants were invited to assess the impact of both CRs.

MHHS Programme ('MHHS'), who raised CR001, stated that to enable more time for parties to review the design artefacts, more review time is planned. As a result, the design activities would take longer to complete than planned and the M5 design milestone would not be met in April 2022.

The impact assessment for CR001 stated that this CR would

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<sup>1</sup> Ofgem, [MHHS Decision, Full Business Case and Final Impact Assessment](#), April 2021.

<sup>2</sup> Renamed in the BSC as the Implementation Timetable. We use this term in the remainder of this document.

<sup>3</sup> MHHS Programme, [MHHS Implementation Change Request CR001](#), March 2022.

<sup>4</sup> Corona Energy, [MHHS Implementation Change Request CR002](#), March 2022.

<sup>5</sup> The Programme Steering Group has recommended that Ofgem approve the draft change control process. MHHS submitted it to Ofgem for approval on 1 April and it is currently being reviewed by the Sponsor.

- allow for more input by MHHS Participants, and so increase confidence in the design;
- minimise the delay to the M5 baseline, thus minimising both additional run costs (which will be passed on to consumers) and the technical risk of running into other change programmes (such DCC DSP re-procurement); and
- provide earlier certainty for assessing design, build and test activities in the programme replan due after M5 and minimise the delay to this essential replanning exercise.

The proposer of CR002, Corona Energy, states that suppliers believe there is a need for a reassessment of the design phase timetable, to better facilitate the opportunity for inclusive design development and consultation as a result of resource challenges faced by the energy sector, in particular by Licensees.

The impact assessment for CR002 consists primarily of assertions that failure to adopt CR002 will mean that suppliers are unable to engage fully in the elaboration of the detailed design. The proposer stated that this lack of engagement means the design will be more likely to be subject to later CRs and less stable to provide the baseline for the programme replan. In turn the proposer anticipates that this will cause greater delay and significant added costs. Some parties also argued that, if suppliers are not fully engaged in the elaboration of the detailed design, some consumer benefits from MHHS may be lost.

## **SRO Recommendation**

The Programme Steering Group (PSG) discussed the CRs on 6 April 2022 in the light of MHHS Participants' views about their impact. Having considered all the views and evidence received, the MHHS SRO recommended approval of CR001 and rejection of CR002.

## **IPA Report**

The IPA has submitted a report to Ofgem on both CRs. The report recommends approval of CR001 with 2 recommendations, but does not recommend approval of CR002.

## **Sponsor Reflections**

We are disappointed to see calls for extensive delay at this stage of the Programme. Introduction of MHHS on the fastest practical timescale remains a high priority for Ofgem. Indeed, the current situation makes the roll-out of MHHS by October 2025 all the more urgent. We expect all parties to ensure that they are able to comply with their obligations

to operate in accordance with the baselined Implementation Timetable throughout the Programme.

We note that a plan review was always built into the Implementation Timetable once the design has been completed. The importance of that review is clear. We believe it is essential to ensure that the plan review commences as soon as possible and concludes promptly to provide a thorough and achievable baseline for all parties.

## **Sponsor Decisions**

We have considered the SRO's recommendations and the IPA's report. We have also considered the information set out in individual impact assessments and sought follow-up information where appropriate.

We accept the SRO recommendation to approve CR001, which is consistent with the IPA recommendation. We also endorse the overall IPA recommendations and their recommendations for CR0001, which we believe will mitigate some of the risks around potential lack of supplier engagement with the design process in the run-up to M5.

We also accept the SRO recommendation to reject CR002. We believe that it is important to get the full design developed according to the timescales in CR001 and that any residual risk can be addressed through the IPA recommendations and the scheduled re-plan.

## **Next Steps**

This Decision relates to M5 only. It constitutes a change to the baselined Implementation Timetable. MHHSP should re-issue the new baselined Implementation Timetable in accordance with this decision and ensure that all programme participants are aware of the change. MHHSP should also implement the IPA recommendations and develop a plan for the re-plan to ensure that it can progress in a timely fashion.

## 1. Introduction

### Context

- 1.1. Ofgem is committed to paving the way for the energy sector to decarbonise.<sup>6</sup> We need to make sure this happens at the lowest cost to consumers. Market-wide half-hourly settlement (MHHS) will ensure that electricity suppliers and other retailers face the true costs of serving their customers, incentivising the development of new tariffs and services.
- 1.2. MHHS is a key building block for our Decarbonisation Action Plan and the Ofgem/BEIS Smart Systems and Flexibility Plan.<sup>7</sup> With other reforms, such as those to the access and charging arrangements, and network tendering for flexibility services, MHHS will enable system-wide benefits by incentivising more efficient use of existing and future electricity infrastructure. This will, for example, help integrate intermittent renewable generation and reduce the need for expensive new investment. We estimate that MHHS will save consumers £1.6 billion to £4.5 billion by 2045.<sup>8</sup>
- 1.3. On 20 April 2021 Ofgem published our Decision, Full Business Case and Final Impact Assessment for MHHS. As part of the Decision we also published a Transition Timeline. That Timeline set a number of Level 1 milestones for the Programme, including 'M5 Physical Baseline Delivered' due in April 2022.
- 1.4. On 23 April 2021 Ofgem published a consultation on MHHS Implementation and Governance Arrangements<sup>9</sup>, which proposed that any forecast or re-plan that would move one or more of the level 1 milestones by 3 months or more should be referred to Ofgem, as Programme Sponsor, for determination.
- 1.5. We published our Decision on the MHHS Implementation Arrangements<sup>10</sup> on 11 August 2021. Our decision confirmed that proposal. On 1 November 2021, the

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<sup>6</sup> See Ofgem's [Decarbonisation Programme Action Plan](#), February 2020. The plan sets out the initial actions required on the journey towards achieving net zero by 2050.

<sup>7</sup> See [Transitioning to a net zero energy system - Smart Systems and Flexibility Plan](#), July 2021.

<sup>8</sup> See Ofgem's [MHHS Final Impact Assessment](#), April 2021.

<sup>9</sup> See Ofgem's [Consultation on MHHS implementation and governance arrangements](#), April 2021.

<sup>10</sup> See Ofgem's [Decision on MHHS implementation and governance arrangements](#), August 2021.

MHHS Governance Framework<sup>11</sup> came into force that establishes the requirement for any move of a level 1 milestone by 3 months or more to be referred to Ofgem.

- 1.6. Our August 2021 decision on the MHHS implementation arrangements included proposed changes to the Balancing and Settlement Code (BSC) to require parties to “deliver the new and modified IT Systems and business processes required of it as part of MHHS Implementation, including the mobilisation, design, building and testing of such IT Systems and business processes and their integration with those of other MHHS Participants (and shall do so in accordance with the MHHS Implementation Timetable)”. The MHHS Implementation Timetable is the timetable for MHHS Implementation, as established under (and subject to change in accordance with) the MHHS Governance Framework. In the first instance this is the Transition Timeline published by us on 20 April 2021. Any subsequent changes must be made in accordance with MHHS Governance Framework.
- 1.7. On 15 March 2022, two Change Requests, ‘CR001’ and ‘CR002’, were raised to the Implementation Timetable. Both sought to move the date of M5, with CR001 moving it to 29 July and CR002 moving it to 30 November. Whilst CR001 might be considered to move the milestone by only 2 months and 29 days and therefore fall short of the need for Sponsor approval, the SRO considered that it was for all practical purposes a delay of 3 months and that it would be appropriate to seek Sponsor approval. We agree.
- 1.8. Ofgem’s MHHS decision of April 2021 describes the M5 milestone as follows: “In order for the other parties to commence the Design, Build and Test phase a complete Physical Baseline, aligning both technical and regulatory designs, will be delivered.” The delivery date was set as April 2022.<sup>12</sup>

## Related publications

- 1.9. Links to the documents relating to this decision are available in footnotes 1 to 12.

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<sup>11</sup> See [MHHS Governance Framework](#), November 2021.

<sup>12</sup> See page 106 of Ofgem’s [MHHS Decision, Full Business Case and Final Impact Assessment](#), April 2022.

## 2. SRO Recommendation

### Section summary

Both Change Requests (CRs) were discussed at the Programme Steering Group (PSG) and were circulated for impact assessment in accordance with the draft change control process for the Programme.<sup>13</sup> The Programme SRO has recommended approval of CR001 and rejection of CR002.

### Overall Recommendations

- 2.1. On 7 April 2022 Chris Welby, the MHHS Programme SRO, wrote to Ofgem recommending approval of CR001 and rejecting CR002.
- 2.2. These recommendations followed discussion on the two CRs at the Programme Steering Group (PSG) on 06 April 2022. The background and rationale for both CRs had been discussed through the PSG since January 2022. CR001 is a Programme-led proposal to move M5 to 29 July 2022. CR002 is a party-led proposal to move M5 to 30 November 2022. Both CRs went to Impact Assessment for all Programme Participants on 11 March 2022, with the outputs brought to 06 April 2022 PSG for a Programme decision to recommend to Ofgem.

### CR001 Recommendation Rationale

- 2.3. The SRO stated his reasons for recommending acceptance of CR001 as:
  - the Programme is not going to meet the current April 2022 M5 date and therefore an extension to M5 is required. The Programme believes 29 July 2022 is achievable.
  - all but one of the PSG members were supportive of CR001 (although some supported both CRs).
  - balancing the risk of changes that may be required to the design against the risk of delayed benefits to consumers, CR001 presents a lower risk than CR002. This has

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<sup>13</sup> The draft change control process has been recommended by PSG for approval by the Sponsor. The change control process was sent to Ofgem for approval on 1 April 2022. Ofgem is currently reviewing it.

been confirmed by the Independent Programme Assurance provider (IPA). This risk will be reduced further by the recommendations made by the IPA.

## **CR002 – Recommendation Rationale**

2.4. The SRO stated his reasons for recommending rejection of CR002 as:

- Fewer PSG members were supportive of CR002.
- There was a lack of supporting evidence for CR002. Several PSG members felt CR002 did not have sufficient detail to make a decision.
- The challenges causing low supplier engagement in the Programme are unlikely to be resolved by September (the point at which CR002 proposes suppliers would start engaging). There was limited firm commitment from suppliers to review the design at this point.
- Suppliers have raised concerns about market conditions. The scheduled Programme replan will help address these concerns. It would be beneficial for all parties to reach an earlier baselining of the design (M5) so the scheduled Programme replan can take place sooner.
- CR002 creates a greater risk than CR001 that there will be a delay to the Programme end date and realising benefits for consumers.

2.5. The SRO also noted that the IPA have been consulted throughout the process. As part of Impact Assessment, the IPA provided recommendations to de-risk each CR.

## 3. IPA Report

### Section summary

The Independent Programme Assurance provider (IPA) has prepared a report on both Change Requests (CRs). The IPA recommends approval of CR001 with two associated recommendations. The IPA does not recommend approval of CR002.

- 3.1. The IPA report is available on the MHHSP website.<sup>14</sup> The key findings are repeated here for completeness. The IPA noted that, based on the current status of design activity, the M5 milestone will not complete in line with the plan baseline date of April 2022 and a change to the planned milestone date is therefore required. CR001 and CR002 have been raised as two proposals for the M5 milestone with both presenting risks and opportunities to deliver a stable design in line with the overall plan and benefits. The IPA has performed a qualitative assessment of the risks to the overall plan and benefits with each CR and provided associated recommendations.
- 3.2. The IPA's overall recommendation is for the design activity to target a 29 July 2022 completion. However, the IPA recommends that additional Programme Participant engagement be planned through August and September 2022 to enable improved understanding and consumption of the design. This should be underpinned by a detailed plan consolidating all activities up to the full plan baseline milestone.
- 3.3. A further two 'overall recommendations' were identified to support the delivery of the M5 milestone and subsequent full plan baseline. The IPA recommended that these recommendations should be implemented regardless of the approval of either CR.
  - **Overall Recommendation 1** - The MHHS programme should develop and communicate the detailed plan to get to the full plan baseline following M5. This should consolidate all activities currently being planned to that point (e.g. design,

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<sup>14</sup> See <https://www.mhhsprogramme.co.uk/change-control/>.

design playback/participant engagement, readiness for DBT and activities to deliver the full plan baseline) and should be used as the 'reporting baseline' for PSG.

- **Overall Recommendation 2** - The full plan baseline should consider how end-to-end delivery outside of the Programme's defined Target Operating Model will be coordinated and delivered to provide, clarity and identify any potential gaps in delivery.

### **CR001 – M5 Milestone on 29 July 2022: IPA summary assessment and recommendations**

- 3.4. CR001 provides an option to deliver the design in a more expedient manner than CR002, therefore reducing the potential impact on the overall timeline and costs. It is supported by a clear delivery plan although this contains limited contingency, parallel activity between tranches and a 1 week delay observed in the current Tranche 1 review of design artefacts.
- 3.5. CR001 does provide for increased participation from industry compared to the current plan. However, it is unclear to what extent all Programme Participants will be able to use this time to engage more fully in the design activity. Key to the successful delivery of CR001 is how the proposed plan enables suppliers to consume and build confidence in the design either prior to M5 or as their DBT activity commences post M5.
- 3.6. The IPA presented the following recommendations to support CR001:
- **R001 Recommendation 1** - MHHS Programme should develop, communicate and track against a set of confidence indicators over design (linked to the M5 acceptance criteria). This should incorporate the planned IPA design assurance activity to be performed under IPA 'WP4 Design Documentation'.
  - **CR001 Recommendation 2** - As part of 'Overall Recommendation 1', the detailed plan to get to the full plan baseline milestone should include:
    - the definition of the plan milestones/phases and what is expected to be delivered at each with respect to the design to ensure alignment across parties;

- formal design playback activity within the plan during August (where feasible) and September to enable understanding and consumption of the design by Programme Participants;
  - a milestone following M5 and the subsequent design playback activity in September at which point Programme Participants would be expected to be fully mobilised for DBT;
  - continual monitoring and identification of areas of risk in the design that require further validation by Programme Participants either prior to M5 or immediately after, during design playback; and
  - Tracking of progress against the Tranches to the Design Advisory Group and monthly checkpoints reported to PSG between now and M5 to review progress of design activity against plan and confidence indicators/acceptance criteria.
- **CR001 Recommendation 3** - Suppliers to fully impact assess the resources required to support the design activity and put in place a plan to enable engagement prior to July 2022, wherever possible, or how they will engage in design playback whilst fully mobilising for DBT.

### **CR002 - M5 Milestone in November 2022: IPA summary assessment and recommendation**

- 3.7. Whilst CR002 inherently provides a longer period for Programme Participants to engage, review and consume the design, it does not currently provide a clear plan as to how this additional time will be effectively used to promote increased engagement and reduce the risk of later rework. It is possible that this time could be put to good use but it would need to be considered in the context of how it enables more effective delivery of industry DBT and the impact on the overall plan.
- 3.8. Until this level of planning is performed there is an increased risk it will lead to a delay to the overall timeline and therefore benefits case.
- 3.9. The IPA made the following recommendation for CR002:
- **CR002 Recommendation 1** -As part of 'Overall Recommendation 1', define and document the detailed plan to the full plan baseline to support the proposed timeline. This plan should include:

- how the additional time could be used to de-risk the design or potentially reduce the length of the DBT phase, or subsequent phases, to minimise impact on the overall timeline/costs; and
- the options to reduce the proposed 3-month period for consultation, for example, how this leverages previous design engagement from suppliers to ensure that consultation is targeted.

## 4. Sponsor Reflections and Decisions

### Reflections

We are disappointed to see calls for extensive delay at this stage of the Programme. Introduction of MHHS on the fastest practicable timescale remains a high priority for Ofgem. Indeed, the current situation makes the roll-out of MHHS by October 2025 all the more urgent. We expect all parties to ensure throughout the Programme that they are able to comply with their obligations to operate in accordance with the baselined Implementation Timetable. We note that a plan review was always built into the Implementation Timetable once the design has been completed. The importance of that review is clear. We believe it is essential to ensure that the plan review commences as soon as possible and that it concludes promptly with a thorough and achievable baseline for all parties.

### Decisions

We have considered the SRO's recommendations and those contained in the IPA report. We have also considered the information set out in individual impact assessments and sought follow-up information where appropriate.

We accept the SRO recommendation to approve CR001, which is broadly supported by the IPA recommendation. We also endorse the IPA recommendations in relation to CR0001, which we believe will mitigate some of the risks around potential lack of supplier engagement with the design process in the run-up to M5.

We also accept the SRO recommendation to reject CR002. We believe it is important to get the full design developed according to the timescales in CR001 and that any residual risk can be addressed through the IPA recommendations and the scheduled re-plan.

### Context

- 4.1. It is disappointing that these CRs have been brought forward. We note that parties have had 12 months' notice of the M5 milestone. We further note that, notwithstanding concerns having been raised last autumn about the achievability of the existing timeline, parties are required by the BSC to meet their obligations in respect of MHHS in accordance with the Implementation Timetable.

- 4.2. Introduction of MHHS on the fastest feasible timescale remains a high priority for Ofgem. Indeed, the current market situation makes the roll-out of MHHS by October 2025 all the more urgent. We expect all parties to ensure that they are able to operate in accordance with the baselined Implementation Timetable throughout the Programme. We also remind the MHHS SRO that it is important that the Programme should not move at the pace of the slowest.

## **CR001 Assessment**

- 4.3. We note the SRO's statement that the Programme will be unable to meet the April baseline date for the M5 milestone. Whilst recognising the reality of that situation, we are unclear what, if any, work has been done to ascertain whether a remediation plan can be put in place to catch up and avoid the need for a significant movement of a major milestone. We would urge the SRO and MHHSP to ensure that in future, if progress is not aligned to the plan, in the first instance they seek to identify remediation approaches that do not require the significant movement of level 1 milestones.
- 4.4. We note the assessments from both the SRO and the IPA that the current M5 milestone cannot be met and that there is a need for delay. We note the near unanimous support for CR001. We recognise that a detailed implementation plan for CR001 has been set out. We welcome this.
- 4.5. We note that the CR does not attempt to articulate the impact of CR001 on subsequent milestones or the end date for the programme. We understand why, and support work on a full plan re-baseline once the design is fully developed (see below). However, we would like to note that, in respect of any future CR that is referred to Ofgem, we would expect to see an evaluation of the impact of the change on baselined programme timescales, including the start and end of migration. This is important because an evaluation of this kind is the only way to gain a proper understanding of the impact of the CR, in particular on the realisation of benefits to consumers and the national move to net zero.
- 4.6. We understand that CR001 therefore poses two different sorts of risk to delivery. The first is a straightforward risk to the overall timeline of the Programme. We expect MHHSP and MHHS Participants to manage this risk in the context of the plan re-baseline. We also expect to see a strong focus on managing the implementation plan set out in the CR to ensure that the 29 July 2022 date is met.

4.7. The second risk is the one principally identified in support of CR002 around lack of supplier engagement in the development of the detailed design as a result of operating on this timetable. We agree that this remains a real risk and we are grateful for the recommendations from the IPA which we believe will help to mitigate that risk. We would further urge MHHS to continue to engage proactively with those suppliers that are able to engage on the design development. We particularly endorse the IPA's recommendation for continual monitoring and identification of areas of risk in the design that require further validation by MHHS Participants either prior to M5 or immediately after, during design playback. We would hope that, where areas of risk in the design are identified, the plan re-baseline will put in place appropriate processes to ensure that those can be addressed without late disruption to DBT.

## **CR002 Assessment**

4.8. We recognise that there was substantial support for CR002, in particular from suppliers, supplier agents and iDNOs. The sole argument advanced for CR002 was that the current timeline and the timeline proposed by CR001 would not allow suppliers to engage fully (or in some cases at all) with the design development, given pressures on them from the current market situation and other regulatory and programme pressures.

4.9. Ofgem fully recognises those pressures. However, we do not believe that the substantial delay to MHHS implied by CR002 is an appropriate response to them. As noted above, the current market situation makes it all the more important that we press on with MHHS in order to be able to see sharper signals to suppliers about costs to serve customers, leading to new products and services that facilitate off-peak consumption, leading to the increased flexibility that we need to be better able to cope with these sorts of market conditions.

4.10. We nonetheless recognise that MHHS Participants have raised substantive risks as a result of the likely lack of supplier engagement in the design process that they foresee if CR002 is not adopted. Those risks mainly fall into two categories:

- first, the risk that when suppliers are able to engage with the design later this year, late changes to the design will be required at greater delay and higher cost than predicted by CR002; and
- second, the risk that the lack of supplier engagement with the detailed design will lead to sub-optimal design that ultimately will not deliver full benefits to consumers.

4.11. We address those two categories of risk in turn below.

***Risk of late change***

4.12. It is recognised that late change to design is problematic, generally leading to higher cost fixes and longer delays than resolving design issues before parties start their own DBT process. There is no way of wholly de-risking a programme from identifying late change as new issues will always emerge during build and test cycles. The important thing is to minimise that risk where possible.

4.13. Responses to the CR001 and CR002 impact assessments have not enabled us to understand the magnitude of this risk. MHHSP report that there has been a good level of engagement in the design activity so far, including from a small number of suppliers. MHHSP also report that they have received many comments about the design. However, those comments have been largely cosmetic in nature. As a result, MHHSP believe it is unlikely that limited supplier engagement during the design phase would lead to substantive CRs being needed later in the programme.

4.14. Further engagement with suppliers that raised this risk in the impact assessment has highlighted risks around issues such as the treatment of related MPANs and data items that suppliers currently use to inform the development of services to consumers. These sorts of matters clearly need to be addressed appropriately in the design work in order to ensure good consumer outcomes. We would urge MHHSP to ensure that they identify and address any of these issues as early as they can through the engagement that suppliers are able to offer during the coming months. We would also urge MHHSP to ensure that the programme prioritises engagement on these issues that primarily affect the ability of suppliers to design and support services to consumers in their engagement with suppliers during the design process.

4.15. We believe that the recommendations from the IPA around playback activity in August and September, coupled with the recommendation for monitoring areas of risk in the design, should enable MHHSP and MHHS Participants to identify any further design validation work that is required and ensure that it is appropriately reflected in the plan re-baseline in a way which effectively mitigates this risk.

***Risk of loss of benefits to customers***

4.16. This risk was raised by a small number of those contributing impact assessments on the CRs. The articulation of this risk was, broadly, that suppliers are the parties

representing the interests of consumers in the design process, ensuring that the design enables them to deliver the best customer experience possible and achieve the benefits of MHHS. Progressing a design without their full engagement creates a significant risk that the design will not optimise the realisation of consumer benefits.

- 4.17. As noted above, further information from suppliers that raised this risk has highlighted where some of these issues might arise. We recognise the validity of these concerns and, as set out above, we urge MHHSP to attempt to identify these issues during the design phase and prioritise them in the engagement that they are able to have with suppliers during the design process. However, we also note that Citizen's Advice believe it is essential that the benefits of MHHS should begin to flow to consumers as quickly as possible and are, therefore, very keen to ensure that we don't build unnecessary delay into the programme.
- 4.18. We hope that the playback activity and monitoring of risk areas in the design mentioned above would also be effective in mitigating this risk. However, we would be keen to understand further, through the Programme governance arrangements, any specific concerns that parties might have now, or at any point in the future, about the detailed design preventing full realisation of consumer benefits. Parties with any such concerns should raise them in the first instance with MHHSP and the IPA. If substantive concerns impacting consumer benefits are identified, the IPA would raise them to Ofgem for consideration.
- 4.19. CR002 presents an unconstrained risk to the overall Implementation Timeline. Whilst we recognise the argument that many suppliers will struggle to engage fully with the design process in the coming months, we have seen nothing to confirm that they would not similarly struggle to engage fully with the design process as far as November and even beyond. Rather than waiting for the optimal moment for supplier engagement, we believe it is better to ensure both that progress is made with the detailed design and that processes are put in place to support engagement during the development of the design and in the playback process recommended by the IPA.

## **Plan re-baseline**

- 4.20. We recognise that the quid pro quo of expecting market participants to operate in accordance with the Implementation Timetable is that the timetable itself should be based on robust and realistic assumptions and should be practically achievable. We

note that a plan review was always built into the Implementation Timetable once the design has been completed. The importance of that review is clear. We believe it is essential to ensure that the plan review commences as soon as possible and concludes promptly to provide a thorough and achievable baseline for all parties.

- 4.21. We support the IPA overall recommendations 1 and 2 in respect of the preparation for this plan review exercise. We encourage all parties to collaborate in the re-plan process to ensure that the outcome is a robust, well-informed, achievable plan that delivers MHHS on the earliest practicable timescale.
- 4.22. We note that MHHS does not require a single market-wide go-live in the way that other recent industry programmes of this sort have done. MHHSP should consider how best to ensure that the development and introduction of the new systems and processes does not move at the pace of the slowest while enabling those parties who would struggle to move at the pace of the central systems to follow a slower path where that would not hold up overall market progress. We note, however, that we continue to expect all parties to be qualified at the qualification milestone as required under the BSC.

## **Sponsor Decisions**

- 4.23. We have considered the SRO's recommendations and those in the IPA report. We have also considered the information set out in individual impact assessments and sought follow-up information where appropriate.
- 4.24. We accept the SRO recommendation to approve CR001, which is consistent with the IPA's overall recommendation. We endorse the IPA's overall recommendations, and its recommendations for CR0001 that we believe will mitigate some of the risks around potential lack of supplier engagement with the design process in the run-up to M5.
- 4.25. We also accept the SRO recommendation to reject CR002. We believe that it is important to get the full design developed according to the timescales in CR001 and that any residual risk can be addressed through the IPA recommendations and the scheduled re-plan.

## 5. Next Steps

### Implementing Ofgem's decision

- 5.1. This Decision relates to M5 only. It constitutes a change to the baselined Implementation Timetable. No other changes to that timetable are approved as part of this decision.
- 5.2. MHHSP should re-issue the new baselined Implementation Timetable in accordance with this decision and ensure that all MHHS Participants are aware of the change.
- 5.3. MHHSP should also implement the IPA's recommendations. We expect that MHHSP will provide progress reports to the PSG on the implementation of those recommendations.
- 5.4. There are further CRs in progress relating to moving some regulatory milestones to bring them into line with this change. We will address any of those CRs that meet the threshold for Sponsor decision when the recommendations are submitted to us.
- 5.5. We expect the re-baseline exercise to address any other timetable implications of this decision and we look forward to seeing the re-baseline proposal in due course.