

Modification proposal:	Retail Energy Code (REC) R0044: MHHS Programme Changes to the Central Switching Service (R0044)		
Decision:	The Authority ¹ has decided to approve ² this modification ³		
Target audience:	REC Board, the REC Change Panel, REC Parties and other interested parties		
Date of publication:	2 February 2023	Implementation date:	On the date that is determined by the MHHS Programme for its Milestone: M8 'Code changes delivered' ⁴

Background

The Market-wide Half-Hourly Settlement (MHHS) Target Operating Model (TOM) requires that the appointment data of a Smart Meter Data Retriever (SMDR) is available to the Smart Meter Data Service Provider (SMDSP), so that the SMDSP can provide SMDRs with access to the smart meters at Metering Points to which they are registered. Currently, the new SMDR role and its appointment data do not exist in, and nor can they be made available from, the Central Switching Service (CSS).

The modification proposal

Delivering MHHS will require a new Smart Data Service (SDS), which includes a new industry SMDR role. The SMDR will retrieve data directly from smart meters as a new Data Communications Company (DCC) User Role, as outlined in Smart Energy Code (SEC)

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.

³ 'Change' and 'modification' are used interchangeably in this document.

⁴ This M8 milestone relates to the date by which all MHHS-related code and licence changes should have been made, thus establishing the regulatory baseline. The date will be confirmed upon completion of the MHHS transition replan.

Modification Proposal 162 (MP162) 'SEC changes required to deliver MHHS'.⁵ SECMP162 assumes that the appointment data for an SMDR will be sent from the CSS to the SMDSP Systems to enable the SMDSP to perform access control to smart meters for the new User Role. This will ensure that only registered SMDRs successfully collect data from smart meters to which they are registered.

R0044 was raised by the MHHS Programme (the Proposer) on 29 April 2022. After the impact assessment period, the scope of R0044 was changed to exclude requirements relating to the Electricity Retail Data Service (ERDS) and Electricity Enquiry Service (EES). R044 focuses on delivering CSS system changes related to sharing SMDR appointment data, specifically the receipt of SMDR appointment data into CSS and the provision of that data to the SMDSP. MHHS-related changes to the ERDS and EES will be managed through the MHHS Programme.

REC Change Panel⁶ recommendation

At the REC Change Panel meeting on 13 December 2022, the REC Change Panel considered that R0044 would better facilitate REC Objectives. The REC Change Panel therefore recommended that the Authority approve R0044. The REC Change Panel also recommended that the Authority approve the proposed implementation approach and the proposed implementation date. The latter will be determined by the MHHS Programme, in the light of the MHHS transition replan currently under way, for Milestone M8 'Code changes delivered'.

Our decision

We have considered the issues raised by the modification proposal and in the Final Change Report (FCR). We have also taken into account industry consultation responses and the engagement that has since taken place between key stakeholders.⁷ We have concluded that:

⁵ [Decision to Approve SEC Code Modification MP162 'SEC changes required to deliver MHHS'](#), November 2022.

⁶ The REC Change Panel is established and constituted pursuant to and in accordance with [Standard Condition 11B.8\(a\) of the Electricity Supply Licence](#) and [Standard Condition 11.8\(a\) of the Gas Supply Licence](#).

⁷ REC change proposals, change reports and stakeholder representations can be viewed on the [REC Portal](#).

- implementation of the modification proposal will better facilitate the achievement of the applicable Objectives of the REC;⁸ and
- approving the modification is consistent with our principal objective and statutory duties.⁹

Reasons for our decision

We consider this modification proposal will better facilitate REC Objectives (a) and (c) and that it will have a neutral impact on the other relevant Objectives.

(a) to ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement¹⁰

R0044 will deliver a critical element of how the new SDMR role is governed by facilitating the sharing of SMDR appointment data via the CSS. Without it, neither SECMP162 nor the MHHS TOM can be successfully delivered. The Authority has estimated quantified net benefits to consumers of £1.5bn to £4.5bn by 2045, with significant additional unquantifiable benefits arising from increased competition and innovation.¹¹ The Authority considers that implementing R0044 will therefore better facilitate REC Objective (a).

(c) to drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructure it governs

The Code Manager and Change Panel consider that R0044 will drive greater operational efficiencies in the REC, in central systems and in communication infrastructure because it will use existing interfaces between REC Service Providers and other central systems in the retail market. We agree with this assessment.

⁸ As set out in [Standard Condition 11B.6 of the Electricity Supply Licence](#) and [Standard Condition 11.6 of the Gas Supply Licence](#).

⁹ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 and the Gas Act 1986.

¹⁰ The REC will facilitate the efficient and effective running of the retail energy market, including its systems and processes. It will promote innovation, competition and positive consumer outcomes.

¹¹ [MHHS Final Impact Assessment](#), April 2021.

We note that the MHHS Programme provided the Code Manager with a response, after the formal consultation had closed, stating that R0044 was a key enabler of MHHS delivery. We also note the Code Manager's view that, as a result of post-consultation engagement with key respondents, all the issues raised in the consultation responses have been appropriately addressed. We note that this was accepted at the Change Panel.

Implementation and dependencies

The Code Manager recommended an implementation date linked to MHHS Programme Milestone M8 'Code changes delivered'. By targeting this milestone, R0044 will be implemented alongside the REC consequential changes for MHHS. This would ensure alignment across the REC legal text and the system changes across all the MHHS changes to REC Services, including the ERDS and EES as well as the CSS.¹²

The FCR noted that activity is underway to determine the specific details on dependencies and hand-offs between the MHHS Programme, SECMP162 and R0044. The FCR further noted that engagement will continue across the three into planning, delivery, and release. We note that, as set out in the FCR, the release plan will be developed to enable completion of design, build and test milestones that support the SECMP162 dependency and ensure availability of the solution for MHHS Programme System Integration Testing. The Authority expects the Code Manager and MHHS Programme to work closely together and with the SEC to ensure this occurs.

We welcome the statement in the FCR that the Code Manager, the MHHS Programme and Service Providers are all committed to working together to ensure that a fully joined-up solution - including, as noted above, not only R044 but also subsequent change proposals to the ERDS and the EES - is implemented to enable the success of the MHHS TOM. The Authority expects MHHS Programme to take the lead in ensuring that this does indeed occur, including setting out a clear timetable and process for developing and consulting on proposals.

Decision notice

¹² Further REC changes, in respect of the Electricity Retail Data Service and Electricity Enquiry Service requirements specific to communicating SMDR appointments, are not in the scope of R0044. These will be progressed separately.

In accordance with Standard Condition 11B of the Electricity Supply Licence and Standard Condition 11 of the Gas Supply Licence, the Authority hereby approves REC Change Proposal R0044: MHHS Programme Changes to the Central Switching Service.



Rachel Clark

Deputy Director Retail

Signed on behalf of the Authority and authorised for that purpose