

MHHS Team

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Dear MHHS Team

Consultation - Proposed Directions to Market-wide Half-Hourly Settlement (MHHS) Participants

On behalf of SSE Energy Supply Limited, an I&C only supplier, I want to share our views on the consultation on Ofgem's Proposed Directions to Market-wide Half-Hourly Settlement (MHHS) Participants.

Our overarching view is that we already notify central parties of the status of our programme progress and that this is already sufficient for them to monitor readiness. A majority of the requirements are either already covered as requirements in Paragraph 12.12 of Section C of the BSC, which sets out the general obligations of MHHS Participants in relation to implementing MHHS, or are likely to be included in the upcoming MHHS readiness assessment due to be published on 28 April 2025.

Most of the requirements appear to be too granular, and it is questionable if it is the best use of resources for a central party to monitor at the level pre-scribed for all participants. The proposals appear to add more cost and effort with, potentially, limited additional value. Participants should flag by exception if they are falling behind their plan and need to move to a later wave.

Therefore, we do not believe that there is merit in explicitly directing all MHHS central parties and the LDSOs to do these things, and that the general direction to all MHHS Participants to deliver on their MHHS Participant Plans in line with Programme milestones can be relied upon.

Below are our views on each of the proposed directions to MHHS Participants contained within appendix 1 of the consultation that are applicable to suppliers, together with the relevant paragraph of the appendix.

8. Pursuant to paragraph 12.12.1(h) of section C of the BSC, the Authority hereby directs each MHHS Participant, in accordance with Good Industry Practice, to develop, keep up-to-date and comply with its own MHHS programme plan (consistent with the MHHS Implementation Timetable) for MHHS Implementation. Each such MHHS programme plan shall for the purposes of this direction be called the 'MHHS Participant Plan'.

This is a very wide obligation. A programme plan contains many components and delivery items. There can often be slippage in certain tasks or activities that a participant can then seek to recover through catch-up delivery in a subsequent phase or use of contingency time. It should only be the readiness of the final milestone or required outcome that a participant is measured against.

The likely impact of this requirement is that suppliers who have opted to seek qualification testing in an early wave will wish to amend their plan and seek a later wave to avoid being penalised for taking a more optimistic wave selection. This behavioural outcome is likely to break all of the programme's capacity envelopes, as DNO capacity is finite, which the programme cannot increase. Thought needs to be given to the consequences that could result from this requirement. We believe this requirement is sufficiently covered in Paragraph 12.12 of Section C of the BSC.

9. Each MHHS Participant Plan must cover all MHHS-related activities for which the MHHS Participant is responsible for in the delivery of the overall MHHS Programme Milestones, as set out in the Milestone Register and supporting documentation. For example, therefore, a Supplier's MHHS Participant Plan shall include its Migration Schedule once that has been agreed with the MHHS Implementation Manager. Each Migration Schedule may be adjusted by agreement with the MHHS Implementation Manager but in any event it must be consistent with the MHHS Migration Plan and the M15 milestone delivery date.

A comprehensive plan with all activities will be substantial, and if this is multiplied by the number of participants, then there is a substantial additional governance burden on participants and the central parties. It would be unrealistic for a central party to be able to accurately understand and monitor a fully detailed programme plan for every participant. Using the example above, we would query whether the programme will have the capacity to, in a timely fashion, allocate spare capacity fairly to many market participants.

It is recommended that only key milestone performance is tracked across participants. We believe this requirement is sufficiently covered in Paragraph 12.12 of Section C of the BSC.

10. Each MHHS Participant shall develop and submit its MHHS Participant Plan to the MHHS Implementation Manager (and, if requested, to the IPA) by 30 April 2025. Where the MHHS Participant Plan relates to MHHS qualification, the MHHS Participant shall submit that information also to the BSC Performance Assurance Board and REC Manager. Where an MHHS Participant subsequently revises its MHHS Participant Plan, the MHHS Participant shall provide the revised version within 3 working days to the MHHS Implementation Manager (and to the IPA where it has previously requested to see the MHHS Participant Plan. Where the revisions to a MHHS Participant Plan relate to MHHS Qualification, that information shall be sent to the BSC Performance Assurance Board and REC Manager.

As per our response to paragraph 9 above, only key activities and milestones dates should be tracked at industry level. Detailed programme plans which track all activities are comprehensive and will naturally be updated by a PMO on a regular basis. This would lead to excessive updates and integration. We would expect this requirement to be part of the next readiness assessment due to be published on 28 April 2025, and so there may be a large element of duplication in this requirement.

A plan for key activities and milestones should only need to be updated to the central parties if there is a change to a major deliverable that is likely to affect the achievement of a milestone. Participant plan updates should only be submitted once approved by participant governance, and so, if implemented, the 3 working day timeframe should be from participant approval of a change to their plan. This will be an iterative process, as parties are likely to have many re-plans at the granular level, and so this requirement could become very resource intensive.

11. Each MHHS Participant must complete all of its MHHS-related activities on time and to the required standard, consistent with the delivery commitments made in its MHHS Participant Plan. To this end, each MHHS Participant must comply fully with any reasonable request made of it by the MHHS Implementation Manager or by an MHHS Affected Code Body in connection with MHHS Qualification or by the IPA in connection with its MHHS assurance activities.

As per our responses to paragraphs 9 and 10 above, it is unrealistic and unnecessary to consider a participant centrally updating 'all of their MHHS-related activities'. Central teams should only consider changes to a participant's key milestone achievements. The 'all' requirement is very specific, as there are likely to be tolerances and contingencies in a plan, especially for non-milestone activities. We believe this requirement is sufficiently covered in Paragraph 12.12 of Section C of the BSC.

12. Each MHHS Participant shall comply fully and promptly with all reasonable requests from the MHHS Implementation Manager to provide information that is required support the provision of reports by the MHHS Implementation Manager to Ofgem and to the IPA under the direction issued by Ofgem to the MHHS Implementation Manager on 28 February 2025.

We agree with this requirement, as long as the requests are reasonable, and are required for the provision of the reports by the MHHS Implementation Manager as a result of the direction issued by Ofgem on 28 February. As it is a result of this recent direction, it is not contained within Paragraph 12.12 of Section C of the BSC.

13. Each MHHS Participant must identify, allocate and deploy sufficient budget and appropriately skilled resources to promote timely delivery against its MHHS Participant Plan and against MHHS Programme milestones. Where a MHHS Participant contracts with service providers, each MHHS Participant shall be required to ensure that all their service providers are likewise sufficiently resourced.

The budget requirements seem fine for internal activities under the control of participants. The resource elements are difficult for a participant to stipulate where it is procuring fixed price or fixed outcome services from third parties, as it is unlikely to be possible to put this into contracts with those parties. Qualification of parties is down to the programme for all new MHHS market participant roles, and so we expect that market participants will demonstrate resource capability for their market share through qualification.

14. Each MHHS Participant must establish, by 30 April 2025, formalised internal governance and senior sponsorship to assure the delivery of its MHHS Participant Plan. Each MHHS Participant must, by 14 May 2025, provide a written description to the MHHS Implementation Manager of those arrangements and confirmation in writing that they are fully operational. These arrangements shall continue in place until the relevant MHHS Participant has complied in full with the obligations set out in its MHHS Participant Plan.

These requirements are accepted, but are likely to be included in the upcoming readiness assessment, and so do not need to be covered under a specific new requirement. There is likely to be an element of duplication in this requirement with the readiness assessment if they are included.

15. Each MHHS Participant must report on progress of delivery against its MHHS Participant Plan in line with any reporting requirements set out by the MHHS Implementation Manager or, in relation to MHHS Qualification, by the BSC Performance Assurance Board and the REC Code Manager. Each MHHS Participant shall provide such reporting no later than the date and time that it has been requested to do so by the MHHS Implementation Manager, the BSC Performance Assurance Board and/or the REC Code Manager.

This requirement should be limited to "all reasonable requests". MHHS participants have been, and still are, subject to reporting requirements from these various parties, and this so requirement is an ongoing business as usual type request that is largely covered in Paragraph 12.12 of Section C of the BSC.

16. Each MHHS Participant must promptly report any risks or issues that could cause delay in the progression and/or completion of any MHHS-related activity for which it is wholly or partly responsible. All such risks and issues must be reported to the MHHS Implementation Manager, the BSC Performance

Assurance Board and/or the REC Code Manager at the earliest opportunity so as to enable effective mitigating actions to be taken and to avoid any delays to the implementation of MHHS.

We feel that this requirement is far too excessive and granular and adds a significant additional resource effort at both participant and central party level. A participant should only need to report if there is a material risk of it not achieving a key milestone after mitigation has been applied. Participants need to be able to manage risks and issues as they arise, and the industry should only need to be concerned where they have an impact on a key milestone achievement. We believe this requirement is sufficiently covered in Paragraph 12.12 of Section C of the BSC.

17. Where the IPA reasonably requests, as part of its assurance activities, information about an MHHS Participant's progress against its MHHS Participant Plan, each MHHS Participant shall provide that information promptly and comprehensively, no later than the date and time requested by the IPA. In so doing, the MHS Participant shall explain any risks and issues that could delay progress.

This requirement is accepted, as long as the requests and timeframes are reasonable. However, we believe this requirement is sufficiently covered in Paragraph 12.12 of Section C of the BSC.

Yours sincerely

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