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## Ofgem decision to approve DCP456: 'Market-wide Half Hourly Settlement (MHHS) Incremental Changes for Go-Live'

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<b>Decision:</b>	The Authority <sup>1</sup> directs that this modification be made <sup>2</sup>
<b>Target audience:</b>	DCUSA Panel, Parties to the DCUSA and other interested parties
<b>Date of decision:</b>	29 August 2025
<b>Implementation date:</b>	On the same date as the M8 Milestone ('Code Changes Delivered') in the baselined MHHS Implementation Timetable

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### Background

In September 2021, Ofgem approved the Authority Led Significant Code Review (SCR) Modification Proposal P423 'Market-wide Half Hourly Settlement (MHHS) Implementation and Governance Arrangements'. With effect from October 2021, P423 modified the Balancing and Settlement Code (BSC) to require the MHHS Senior Responsible Owner (SRO) to monitor and coordinate the development of the modifications to other industry codes, including the Distribution Connection and Use of System Agreement (DCUSA), which are required for MHHS Implementation (in conjunction with the MHHS Affected Code Bodies and in consultation with MHHS Participants) and ensure that those modifications are presented to the Authority for implementation.

In response, the SRO established two governance groups to take forward this area of work. These were the Cross-Code Advisory Group (CCAG) and the Code Drafting Working Group (CDWG). After an extensive period of code development and consultation with MHHS Participants, the CCAG agreed, on 21 August 2024, that the legal text accurately reflected the MHHS Design and the CCAG Chair therefore baselined it in accordance with the M6 deadline in the MHHS Implementation Timetable. The CCAG Chair, on behalf of the MHHS SRO, then wrote to Ofgem to request that Ofgem raise a modification bringing the draft provisions into effect. Having completed our own review of the baselined legal text, Ofgem raised a DCUSA Change Proposal to implement the MHHS arrangements ('DCP445'). After further consultation with industry through the DCUSA change management process, Ofgem approved the modification on 26 November 2024.

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<sup>1</sup> 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.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

Since 21 August 2024, MHHS Participants have continued to test the baselined MHHS design. This process has led to the identification of design defects that, when remedied, necessitated changes to the DCUSA to make sure that it remained aligned with the modified MHHS design. The opportunity was also taken, in this proposal, to correct errors and omissions identified after the approval of DCP445. The proposed changes relate to Schedules 16 and 32 of the DCUSA and to DCUSA-owned Market Messages and data items in the Energy Market Data Specification (EMDS) within the Retail Energy Code.

The draft legal text to align the DCUSA with the modified MHHS Design (and to correct errors and omissions) was circulated to the CDWG in early May 2025. The CDWG gave unanimous support for the legal text on 13 May 2025. Afterwards, at the request of DCUSA, a small number of EMDS changes were made to DCUSA-owned Market Messages and data items. These changes were agreed at a meeting of DCUSA, the MHHS Implementation Manager, RECCo and REC Technical Services and were separately identified to the CCAG. At the CCAG's subsequent meeting on 28 May 2025, the CCAG endorsed all the proposed revisions to the DCUSA and to DCUSA-owned Market Messages and data items in the EMDS. The Chair of the CCAG, on behalf of the MHHS SRO, then wrote to Ofgem to request we raise a modification using our SCR powers to bring these provisions into effect. Having satisfied ourselves that the legal text was consistent with our MHHS decision document of April 2021 and with the objectives of the Electricity Settlement Reform SCR, Ofgem raised this DCUSA Change Proposal on 4 June 2025. This was an Authority Led SCR modification requiring the DCUSA Panel and Secretariat to consult on it and report to Ofgem by 12 August 2025.

### **The modification proposal**

As noted above, the proposal involves changes to Schedule 16, Schedule 32 and DCUSA-owned Market Messages and data items in the Energy Market Data Specification in the Retail Energy Code. DCP456 will ensure that the appropriate obligations, processes and provisions for the new MHHS arrangements, which have been developed and consulted on as part of the MHHS Programme, are introduced into the DCUSA for MHHS go-live. For full details see the DCUSA website.<sup>3</sup>

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<sup>3</sup> <https://www.dcusa.co.uk/change/mhhs-incremental-changes-for-go-live/>

## **DCUSA Parties' recommendation**

The Change Report for DCP456 was issued to the DCUSA Parties on 17 July 2025. The voting period closed on 8 August 2025. Ofgem received the Change Declaration for DCP456 on 12 August 2025. The Change Declaration set out that, in each Party Category where votes were cast, there was unanimous support for the proposal. Therefore, in accordance with the DCUSA's Weighted Vote procedure, the Parties' recommendation to the Authority was that the proposed variation to the DCUSA be accepted.

## **Our Decision**

We have considered all the issues raised by the proposal and in the Change Report dated 17 July 2025. We have considered and taken into account the vote of the DCUSA Parties on the proposal which is attached to the Change Declaration. We have concluded that:

- implementation of DCP456 would better facilitate the achievement of the Applicable DCUSA objectives;<sup>4</sup> and
- directing that DCP456 be approved is consistent with our principal objective and statutory duties.<sup>5</sup>

## **Reasons for our decision**

We consider that DCP456 would better facilitate DCUSA General Objectives 1, 2 and 4 and would have a neutral impact on the other applicable objectives.

- 1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks*

We note that the DCUSA Panel agreed that the Change Proposal would better facilitate DCUSA General Objective (1). This is because it provides the framework, within DCUSA (and alongside the changes to other affected industry codes) for MHHS to be successfully implemented. Ofgem agrees with the Panel. MHHS will ensure that charges to suppliers for wholesale electricity more accurately match actual consumption, which will incentivise

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<sup>4</sup> These objectives are set out in Standard Licence Condition 22.2 of the Electricity Distribution Licence.

<sup>5</sup> The Authority's statutory duties are wider than the matters that the Parties must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

suppliers to offer new tariffs and products that encourage a more flexible use of energy and help consumers to lower their bills. MHHS will also reduce the need for infrastructure investment and so facilitate more efficient use of (generation and) network assets.

*2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity*

The DCUSA Panel agreed that the Change Proposal would better facilitate DCUSA General Objective (2). Again, this was because it contributes to the successful implementation of MHHS, which in turn will ensure that electricity suppliers and other retailers face the true costs of serving all of their customers, incentivising the development and offering of new tariffs and services encouraging customer behaviour which contributes to a more cost-effective electricity system. This, alongside reduced barriers to entry from faster and more efficient settlement processes, will increase competition and facilitate new business models in the energy market. This change proposal provides the framework within DCUSA, alongside the changes to other affected industry codes for MHHS to be successfully implemented. Ofgem fully agrees with this.

*4. The promotion of efficiency in the implementation and administration of the DCUSA*

The DCUSA Panel agreed that the Change Proposal would, if implemented, better facilitate DCUSA General Objective (4). This was because the proposal ensures that the DCUSA aligns with the changes made to other codes associated with the MHHS Programme. Failure to ensure alignment would create risks for the successful delivery of MHHS as well as adverse impacts for DCUSA Parties, who would be unable to use the DCUSA processes needed to support the new MHHS arrangements. This in turn would create adverse effects for consumers. Ofgem agrees with the Panel's view.

## **Next steps**

Our decision on DCP456 introduces the incremental changes to the DCUSA that have been identified as being necessary for the implementation of the MHHS arrangements. These changes will come into effect on the date of MHHS Milestone M8.

### *Further code changes before and after M8*

The Electricity Settlement Reform SCR is an Authority-led end-to-end SCR. It is possible that further changes to the DCUSA will be needed before MHHS 'go live' to align the DCUSA with changes to the MHHS design agreed through MHHS Programme governance. Ofgem reserves the right to use its SCR powers to take forward any such proposals if, for example, we consider this the most efficient way of ensuring that they are implemented before 'go live'. Further changes to the DCUSA may also be needed after 'go live' to bring the new MHHS arrangements fully into effect. If further code changes do prove to be necessary after go-live, we may make those code changes under this SCR. Having done so, the SCR will remain open until we have made our final decision in relation to the final code change, and we will confirm when we consider that to have happened.

### **Decision notice**

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority hereby directs that change proposal DCP456 'MHHS Incremental Changes for go-live' be made.



**Melissa Giordano, Deputy Director Retail**

Signed on behalf of the Authority and authorised for that purpose

29 August 2025