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## Ofgem decision to approve R0241: 'Market-wide Half-Hourly Settlement (MHHS) Incremental Changes for go-live'

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**Decision:** The Authority<sup>1</sup> has decided to approve<sup>2</sup> this change proposal<sup>3</sup>

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**Target audience:** REC Board, REC Parties and other interested parties

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**Date of publication:** 7 August 2025

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**Implementation date:** 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'.<sup>4</sup> 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 Retail Energy Code (REC), 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.<sup>5</sup>

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 ('Code

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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 and section 38A of the Gas Act 1986.

<sup>3</sup> 'Change' and 'modification' are used interchangeably in this document.

<sup>4</sup> [MHHS Implementation and Governance Arrangements \(P423\)](#), Ofgem, September 2021.

<sup>5</sup> See section C12.5.2(c) of the BSC.

Changes Baselined') 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 REC Change Proposal to implement the MHHS arrangements (R0209).<sup>6</sup> After further consultation with industry through the REC change management process, Ofgem approved the modification on 26 November 2024 for implementation at the M8 Milestone ('Code Changes Delivered').<sup>7</sup>

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 REC to make sure that it remained aligned with the modified MHHS design. On 6 February 2025, the Code Manager raised REC Issue I0241 to assess and confirm the scope of the updates to the REC MHHS Code Drafting that would be needed to align the code with the design for MHHS 'go-live'<sup>8</sup>, and to develop the associated legal text. The opportunity was also taken, via the REC Issue I0241 process, to correct errors and omissions in the legal text for R0209 and to make any necessary changes to the REC consequential changes legal text approved by Ofgem as part of R0209. The latter category included amendments to Electricity Enquiry Service-related code drafting identified through MHHS Participant testing.<sup>9</sup>

The legal text that was developed as a result was circulated to the CDWG in early May. The CDWG gave unanimous support for the draft legal text at its meeting on 13 May 2025. The proposed revisions were subsequently endorsed by the CCAG on 28 May 2025. The CCAG Chair, on behalf of the MHHS SRO, then wrote to Ofgem to request that we raise a modification using our SCR powers to bring the draft 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, on 4 June 2025 we directed the Code Manager to progress REC Issue I0241 to the Change Report phase. On that basis, REC Issue I0241 became Authority-Led SCR Change Proposal R0241. We further directed the Code Manager to consult on the Change Proposal and report to Ofgem on it by 17 July 2025.

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<sup>6</sup> [Implementation of Market-wide Half Hourly Settlement \(MHHS\) Arrangements - REC Portal.](#)

<sup>7</sup> [Retail Energy Code R0209 'Implementation of Market-wide Half-Hourly Settlement \(MHHS\) Arrangements' decision | Ofgem.](#)

<sup>8</sup> On 22 September 2025.

<sup>9</sup> Full details are set out in the Final Change Report dated 15 July 2025. This document is available in the REC Portal.

## The change proposal

The revisions to the legal text proposed in R0241 relate to four REC Schedules, REC-owned data flows in the Energy Market Data Specification, the Service Definition documents for the Energy Enquiry Service (EES) and Electricity Retail Data Service, and the EES API Technical Specification document.<sup>10</sup> The proposed amendments reflect the incremental updates that have been made to the MHHS Design since 21 August 2024, the correction of errors and omissions in the approved legal text for R0209, and the updating of the legal text relating to REC consequential changes. R0241 is required in order to ensure that the appropriate MHHS design-related obligations, processes and provisions are correctly set out within the REC and associated documentation. As such, R0241 would enable a successful transition to the enduring MHHS governance and operational arrangements.

The Code Manager consulted on R0241 from 17 June to 1 July 2025. In light of the responses, the Code Manager made some corrections to the legal text to improve clarity and ensure full consistency with the latest MHHS Design. In particular, corrections were made to 'Schedule XX – MHHS Migration', in relation to the Service Levels for Meter Operator Agent appointments and in relation to the erroneous use of the terms 'Gaining Supplier' and 'Losing Supplier' in describing processes not relating to a switch. After discussions with the Code Manager, Ofgem agreed that these changes should be incorporated into the final version of the legal text for R0241. We noted that all respondents, even those seeking corrections and clarifications, supported timely approval and implementation of R0241.

## REC Change Panel<sup>11</sup> recommendation

At the REC Change Panel ('the Panel') meeting on 15 July 2025, the Panel considered that R0241<sup>12</sup> would better facilitate REC Objectives (a), (b) and (c) and the Panel therefore unanimously recommended its approval.

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<sup>10</sup> For details see [MHHS Incremental Changes for go live - REC Portal](#).

<sup>11</sup> 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](#).

<sup>12</sup> As amended after consultation to reflect fully the agreed MHHS design, to improve clarity and to correct typographical errors.

## Our decision

We have considered all the issues raised by the change proposal and the Final Change Report (FCR) dated 15 July 2025. We have considered and taken into account the responses to the industry consultation which are attached to the FCR.<sup>13</sup> We have concluded that:

- implementation of the change proposal would better facilitate the achievement of the applicable Objectives of the REC;<sup>14</sup> and
- approving the change is consistent with our principal objective and statutory duties.<sup>15</sup>

## Reasons for our decision

### ***Assessment against REC Objectives***

We consider that this change proposal would better facilitate REC Objectives (a), (b) and (c) and that it would 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 statement***

We note that the Panel agreed that the proposal would better facilitate this objective. This is because the proposal would (further to R0209) ensure that the REC evolves as necessary to operate effectively during the transition to and under the enduring governance and operational arrangements for MHHS. Ofgem agrees that the proposal would ensure that the REC will be fit for purpose during and after the transition to MHHS and that, therefore, R0241 better facilitates REC objective (a).

#### ***(b) to ensure customers' interests and data is protected in the operation of the REC***

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<sup>13</sup> REC change proposals, change reports and representations can be viewed on the [REC Portal](#).

<sup>14</sup> As set out in [Standard Condition 11B.6 of the Electricity Supply Licence](#) and [Standard Condition 11.6 of the Gas Supply Licence](#).

<sup>15</sup> 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.

The Panel agreed that the proposal would better facilitate this objective as it would update consumer-impacting processes to ensure they remain fit for purpose during and after the transition to MHHS, which is in the best interests of consumers. The Panel also noted that R0241 would ensure that MHHS-related data sharing is governed at least as securely as under the current arrangements. This extends to setting out Party obligations during Transition as well as in the new arrangements. We share the Panel's view and, therefore, agree that the proposal would better facilitate REC objective (b).

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

We note that the Panel agreed that the proposal would better facilitate this objective because, consistent with the MHHS design, it would enable the aligned development of central systems and communication infrastructures across the REC. Potential changes to the REC have been considered holistically with the other codes affected by MHHS. This has reduced the risk of introducing inefficiencies and misalignment changes to central systems, obligations and the communication of data. We agree with the Panel's view and, therefore, agree that the proposal would better facilitate REC Objective (c).

**Next steps**

Our decision on R0241 introduces the changes to the REC that have been identified as being necessary for the implementation of the MHHS arrangements since the legal text for R0209 was baselined in August 2024. These changes shall be implemented with effect from the MHHS Programme Milestone M8.

*Further changes before and after go-live*

The Electricity Settlement Reform SCR is an Authority-led end-to-end SCR. It remains possible that further changes to the REC will be needed before MHHS 'go live' to align the REC with any further changes to the MHHS design agreed through MHHS Programme governance. Ofgem reserves the right to use its SCR powers to take forward such proposals if, for example, we consider this the most efficient way of ensuring that they are implemented before 'go live'. In

addition, it is possible that further changes to the REC may be needed after 'go live' to bring the new MHHS arrangements fully into effect. If further code changes do prove to be necessary, 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 Condition 11B of the Electricity Supply Licence, the Authority hereby approves REC Change Proposal (R0241) 'Market-wide Half-Hourly Settlement (MHHS) Incremental Changes for go-live'.



**Melissa Giordano, Deputy Director Retail**

Signed on behalf of the Authority and authorised for that purpose