

Consultation

Market Wide Half Hourly Settlement (MHHS) – Consultation on Programme Implementation Principles

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We plan to place responsibility for management and delivery of the implementation of Market Wide Half Hourly Settlement (**MHHS**) with industry. We are consulting on the challenges and risks this presents, and potential ways to mitigate these. We welcome views from anyone who is interested, or who will be involved in MHHS implementation.

This document outlines the consultation scope, purpose and questions and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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1. Executive summary

- 1.1. In our consultation on issues related to the introduction of Market Wide Half Hourly Settlement (**MHHS**) in June 2020, we set out our expected approach to the management of the implementation phase of the programme.¹ We articulated a number of objectives to be met by implementation management, and set out a number of programme roles that we thought should be established to support the effective implementation of the programme. We also said that Ofgem would remain both Programme Sponsor and the programme Senior Responsible Owner (**SRO**).
- 1.2. Following further reflection on the requirements for implementation, and consideration of the responses to the implementation management questions in the June consultation (see paragraphs 2.2-2.5 below and also Annex A to this document), we plan to clearly place responsibility for management and delivery of the programme with industry, and are developing implementation arrangements accordingly. This will give industry more control over implementation, drawing on their deeper knowledge of, and expertise with, industry systems and processes, as well as allowing them to take greater ownership of the reforms. Recognising Elexon’s existing role in relation to settlement as the Balancing and Settlement Code (**BSC**) code manager, our plan is that Elexon will act as SRO for the project. It will have responsibility for establishing, operating, and managing appropriate programme structures and governance to ensure timely and effective implementation.
- 1.3. We have had initial discussions with Elexon about how they could successfully perform this central role for settlement reform, and are developing that through further governance and assurance work. Given the importance of settlement reform and the pace at which it will need to be delivered, we expect that Elexon and other industry parties will be taking steps to prepare for implementation of these reforms, to be able to begin work as soon as possible. Through this consultation we’re seeking views on whether there are any further aspects of implementation which we should address.
- 1.4. Although this approach will also reduce reliance on the regulator, Ofgem will remain Programme Sponsor, ensuring that we can exercise step-in powers should the need

¹ The [MHHS draft Impact Assessment consultation \(June 2020\)](#) is on our website.

arise. Naturally, we will also be responsible for approving or rejecting the changes to codes which ultimately implement settlement reform.

1.5. We are conscious that there are a range of challenges and risks associated with industry taking leadership of the implementation of a market-wide programme of this scale, and we expect to establish a range of governance and other requirements on parties that should address those challenges and mitigate those risks. This document sets out our approach and seeks views on whether the controls and mitigations we suggest are appropriate, and whether there is more that could or should be done to address these issues and risks ahead of commencing implementation.

1.6. We think that two issues need addressing:

- challenges around securing streamlined decision making and ensuring that all parties progress in line with programme requirements and plans. We propose to address these by establishing a robust governance structure and by placing binding obligations on parties to engage and operate in accordance with the programme management and governance structure; and
- risks around conflicts of interest, including those arising from parties with responsibilities for system delivery also having responsibility for programme management and decision making. We propose to address these through governance arrangements which ensure all parties have an appropriate voice in governance, an appropriate separation of responsibilities, decision making that is clearly focused on consumer outcomes, and through a strong independent assurance function with a specific remit to consider conflicts of interest.

2. Background and Introduction

The Market Wide Half Hourly Settlement (MHHS) draft Impact Assessment Consultation (the 'June Consultation')

- 2.1. Our consultation on issues related to the introduction of Market Wide Half Hourly Settlement (**MHHS**) in June 2020 (our “June consultation”) included a number of questions relating to the introduction of MHHS.² Chapter 9 considered the approach to implementation of the programme. We are expecting to publish our decisions in relation to that consultation in Spring this year. This document provides an update on our plans for the implementation elements covered by that consultation only, and asks some follow-up consultation questions. We are publishing this update on implementation now to help gather any further insights or ideas from stakeholders, and to allow progress to be made promptly in establishing programme management, governance and assurance functions. This will avoid possible delays to the overall implementation of the programme.
- 2.2. The June consultation set out our views on the need for effective programme management of MHHS implementation to ensure that it is brought in as quickly and cost-effectively as possible. We noted that coordinating the changes to deliver MHHS in a multi-party environment will be challenging, and that failure to manage this effectively could cause delays and increase costs. We also noted that central oversight would be required to ensure the completion of system changes on time and to the requisite quality.
- 2.3. We said that accountability for successful delivery of the programme objectives would sit with Ofgem as Programme Sponsor, and we set out a number of key objectives of that sponsorship. These were to ensure that:
- 1) the design of any new settlement systems and processes delivers the objectives of MHHS;
 - 2) settlement systems and processes are robustly designed so that they function as intended, and align with other non-settlement-related systems and processes;

² The [MHHS draft Impact Assessment consultation \(June 2020\)](#) is on our website.

- 3) each affected party understands in sufficient detail what the design means for them in terms of changes required and service capability;
- 4) flexible governance enables prompt identification and resolution of issues, including effective arrangements to ensure timely input from all relevant stakeholders, whether or not participating in working groups, and prompt the dissemination of new and updated information to them;
- 5) relevant parties have confidence that the new arrangements will work before moving to live operation;
- 6) a robust testing regime is put in place with clear entry and exit criteria, through which parties can check that their own systems and processes are functioning as intended, and that individual systems can communicate with others; and
- 7) a clear set of governance and decision-making arrangements is established, along with clear escalation thresholds so that decisions are made at the right level.

2.4. These remain our objectives as Programme Sponsor and we will ensure that we have use of step-in powers if necessary to ensure that these objectives are achieved.

Stakeholder Views and Ofgem Response

2.5. In the June consultation, we set out a number of delivery functions that we considered would be required for the successful implementation of the programme, describing the roles to be performed. We set out options for who should be responsible for operating those functions, ranging from an industry party taking responsibility for some or all programme management functions and reporting to governance that is accountable to Ofgem as the Senior Responsible Owner (**SRO**), to a third party having responsibility for the project management role. Finally, we proposed that programme delivery should be funded via the Balancing and Settlement Code (**BSC**). A summary of stakeholder views on our two consultation questions is at Annex A. Key points, and Ofgem's response, are set out here.

Stakeholder views on delivery functions

2.6. There was broad support from respondents for the delivery functions we set out.

Ofgem's response on delivery functions

- 2.7. We continue to believe that those broad functions are required. We strongly agree with stakeholder views that the means of delivering MHHS will need to facilitate the meeting of timelines, effective coordination of all participants, and an efficient use of resources. We will build these requirements into our planning for MHHS implementation, and more detail on how to do so is set out elsewhere in this document.

Stakeholder views on funding of delivery

- 2.8. In terms of how to fund the delivery of MHHS, there was a majority favouring our proposal for costs to be covered via a BSC funding mechanism. A number of respondents also stressed that delivery must be cost effective.

Ofgem's response on funding of delivery

- 2.9. We agree with respondents that the funding for MHHS implementation should be recovered via the BSC, and that costs must be proportionate. This will remain a top consideration.

Stakeholder views on party responsible for programme management functions

- 2.10. Views on the responsible party for the programme management function were more mixed, with some respondents preferring a strong Ofgem role and others seeking more responsibility for industry. Some respondents felt that Elexon would be well placed to take these roles on, whereas others felt that there were real conflicts of interest that would make it difficult for Elexon to have those roles.

Ofgem response on party responsible for programme management functions

- 2.11. We have done further thinking on the most appropriate approach for this programme, including considering all the consultation responses. **We plan to move ahead with an industry-led model as the most efficient and effective approach.** This is because industry have the deepest and most direct understanding of the systems and processes which will change. As we noted in the June consultation, programme delivery should be funded through the BSC. We think there is merit in ensuring that responsibility for managing cost should primarily sit with those who are paying for it. In developing an industry-led approach, we are also looking to use or build on existing

BSC structures and processes rather than creating additional or new programme governance which may take time and affect delivery costs. We will ensure that the structures include all programme party communities, including those who are not direct parties to the BSC. We think that the industry-led model will support simplicity and transparency for programme parties.

- 2.12. We plan that Elexon, through their existing role in relation to settlement as BSC code manager, will act as SRO for the project, with responsibility for establishing, operating and managing appropriate programme structures and governance within the project to ensure timely and effective implementation.
- 2.13. There are advantages to putting day-to-day decision making in the hands of experts who understand the systems and processes that are being changed in more depth than Ofgem can. Delivery of industry change programmes is something that can and should be led by the relevant experts. Ensuring that all day-to-day responsibility for managing the delivery of this programme sits with industry will free up Ofgem resources to focus on our core regulatory priorities rather than managing delivery.

3. The Way Forward

Section summary

This section sets out and clarifies what we mean by the ‘industry-led approach’ and the regulatory obligations we plan to put in place to facilitate this approach.

- 3.1. This section sets out and clarifies what we mean by the ‘industry-led approach’. Under this approach, Ofgem remains the Programme Sponsor. We continue to hold accountability for the achievement of the objectives of the programme, and will continue to prepare to ultimately approve or reject the code modifications needed to implement settlement reform. We will ensure that we have step-in powers to allow us to direct actions or changes to the implementation of the programme should there be a need to do so. We do not expect to have to use such powers, but consider it is important that they exist, and we will set out more detail on how we expect those arrangements to work in due course. This will ensure that the programme continues to deliver an outcome that is in line with the decisions in our Decision Document and the Full Business Case (**FBC**) which we are due to publish in Spring 2021. These powers will also be able to be used if we consider it necessary to do so, to ensure that implementation remains on track against the programme plan.

Regulatory obligations

- 3.2. We will place obligations on relevant parties, and in particular on electricity suppliers, and network operators, to secure the effective implementation of the programme. Recognising Elexon’s existing role in relation to settlement as the Balancing and Settlement Code (**BSC**) code manager, we plan that they will act as Senior Responsible Owner (**SRO**), with responsibility for establishing, operating and managing appropriate programme structures and governance to ensure timely and effective implementation, and that the obligations will reflect this. In practice this means that Elexon would be managing the central programme functions and operating the programme governance processes.

- 3.3. We will also ensure obligations are placed on relevant parties, and in particular Elexon, the Data Communications Company (**DCC**), other relevant code bodies, electricity suppliers and network operators, to operate in accordance with the programme and cooperate with programme management, governance and assurance.
- 3.4. We will also confirm that where relevant parties are reliant on 3rd parties or agents, eg supplier agents, for their compliance with relevant settlement requirements, they will be required to ensure that those 3rd parties or agents also operate in accordance with the programme and cooperate with programme management, governance and assurance. We consider it to be in all stakeholders' interests that settlement reform is delivered in a timely and effective way, and this will further ensure that those parties impacted by the programme that are not Ofgem licensees or code parties will also be required to operate in accordance with programme requirements.
- 3.5. We will consult in Summer 2021 on the form and content of these obligations. There are various legal forms these could take, including additional duties in the Electricity Supply Licence, the Electricity Distribution Licence, and the Smart Meter Communication Licence. They could be given effect using directions under the Market Wide Half Hourly Settlement (**MHHS**) Significant Code Review or by making changes under the Smart Meters Act 2018.

4. Challenges and Risks

Section summary

This section identifies challenges and risks associated with the industry-led approach and consults on these and our proposed solutions and mitigations.

Questions

Question 1: Do you agree with the challenges and risks that we have identified? Are there any other challenges or risks from the implementation approach described in this document that you would like to bring to our attention? If so can you suggest any appropriate solutions or mitigations?

Question 2: Do you support the solutions and mitigations proposed? Are there additional measures or mitigations that you would propose to make the programme implementation approach more robust and effective?

Introduction

4.1. We have noted that there are some specific challenges and risks arising from leaving this degree of responsibility for programme management and delivery with industry parties. We are aware of these challenges and risks, particularly in light of experience of other industry change programmes, and from responses to the June consultation. It is important that appropriate and robust solutions and mitigations are put in place to address these challenges and risks in order to ensure efficient implementation of the programme. This section sets out the challenges and risks that we have identified and the solutions and mitigations that we plan to put in place to address them.

Challenges, Risks and proposed solutions

4.2. Market Wide Half Hourly Settlement (**MHHS**) implementation will require decisions to be taken in a wide variety of areas, such as planning, design, change, testing, etc that will impact upon all parties that participate. A mechanism is required for taking those decisions in a way that recognises the requirements of the programme and the needs and interests of consumers as well as all industry parties. This requires a robust decision-making authority with an ability to require parties to comply with the outcome

of decisions. It also, critically, requires a robust decision-making process to ensure that decisions are made based on full knowledge and understanding of their impacts across all programme participants, treats the interests of all participants appropriately, and ensures continued focus on outcomes for consumers.

4.3. We believe that the key solutions to the challenge of robust, well-informed and fair decision making are:

- Good Governance – we will set out, alongside or shortly after publishing the Full Business Case (**FBC**), proposals for consultation about the governance structure for the programme. This will identify clear accountability for decision making, with escalation routes, including to Ofgem, for issues that pass the threshold for Ofgem intervention eg through our step-in powers, as well as setting out proposals for participation and representation to ensure that decisions are well-informed and fair.
- Independent Assurance – we believe that robust independent expert assurance is essential to build participants’ confidence in the programme, and to ensure trust in the operation of the governance process and the decisions made by governance. We will set out in the FBC, objectives for independent expert assurance that Elexon should procure on behalf of the programme and which should report throughout implementation of MHHS to programme governance, programme stakeholders and Ofgem. The objectives for the assurance provider will include verifying that the governance processes are adequate to support the requirement for well-informed and fair decision making and that they are operated appropriately.

4.4. There is no single industry body with experience managing a programme of this scale and complexity across such a wide range of participants. We plan to develop Elexon’s existing role as the Balancing and Settlement Code (**BSC**) code manager with respect to the programme management and operation of governance. They have considerable experience of delivering broadly similar programmes with many or most of the same participants, but we are continuing to look at ways or areas in which they can develop or obtain/procure the capability and capacity to perform all the required roles well.

4.5. In order to provide additional confidence to all parties, including programme participants, an independent assurance assessment will be commissioned to look at Elexon’s plans for leading the programme implementation. That assessment will look specifically at Elexon’s capacity and capability in relation to their plans for each role for which they would be responsible, and make recommendations for change or

strengthening capacity or capability if appropriate. The same assessment will also look at management of conflicts of interest (see paragraphs 4.8-4.9 below).

- 4.6. In a programme of this scope involving so many participants, all parties will be, to some extent, dependent on all the others delivering in accordance with agreed plans and to agreed standards. Experience of other industry change programmes suggests it is essential to build the trust of programme participants in each other and in the reliability of programme reporting and forecasting.
- 4.7. The obligations described in paragraphs 3.2-3.5 above will include requirements to operate in accordance with programme plans, to report progress in accordance with programme reporting structures, and to provide information and access to programme assurance to allow for assurance of the accuracy of reporting. We will also include, within the objectives of the independent assurance described in paragraph 4.3, an objective of verifying that progress reporting from programme participants is accurate, identifying risks from such reporting and making recommendations to address those risks.
- 4.8. It has been noted in the context of other industry change programmes that there is a potential conflict of interest where a party who has responsibility for programme management and design also has a central role in building the systems needed to deliver the change. We recognise that potential with Elexon in this programme, in particular given their role as BSC central systems delivery and the future importance of PMO and design authority work.
- 4.9. Whilst such potential for conflict of interest is recognised, we believe that there are effective ways to mitigate it by a combination of:
 - a) Separation of responsibilities internally - Elexon will ensure that the PMO and design authority functions are functionally separate from the BSC central systems delivery function. The PMO and design authority functions will treat the BSC central systems delivery function the same as all other programme parties;
 - b) Robust governance – the governance structure on which we will consult will ensure that there is appropriate representation from all categories of programme participant, to ensure that there are adequate checks and balances on Elexon to ensure that any conflicts of interest do not drive inappropriate decisions;

- c) Assurance (1) – the assurance assessment described in paragraph 4.5 will be required to specifically identify any potential conflicts of interest with Elexon’s roles and consider whether processes are, or will be, put in place to adequately manage and mitigate them, and to make recommendations if appropriate; and
- d) Assurance (2) – the assurance function set out in paragraph 4.3 will have an ongoing remit to consider whether conflicts of interest are being effectively managed in accordance with the principles and processes established from c) above, and to provide any recommendations for amendment to those principles and processes if appropriate.

5. The Electricity Settlement Reform Significant Code Review (SCR)

Section summary

This chapter sets out our views on the impact that the industry-led approach would have on the SCR process we are using for Electricity Settlement Reform.

- 5.1. We published the Electricity Settlement Reform Significant Code Review (**SCR**) launch statement in July 2017.³ We stated our preference for following an Option 3, Ofgem-led end-to-end SCR process, involving the development and delivery of revised settlement arrangements by Ofgem or by an Ofgem-appointed body, with Ofgem making the key decisions. A majority of stakeholders agreed with our preference but encouraged us to provide adequate stakeholder engagement throughout the process of designing, developing and implementing revised settlement arrangements to ensure both transparency and effective management of a complex industry-wide change.
- 5.2. In light of our view above that we prefer industry-led Market Wide Half Hourly Settlement (**MHHS**) implementation, we are re-evaluating how to use the SCR process for the next phase of MHHS work. The Ofgem-led end-to-end process (SCR Option 3) may not, in the circumstances of MHHS implementation, be the best solution in combination with industry-led delivery.
- 5.3. One option may be for us to issue SCR directions to relevant licensees (SCR Option 1) which could direct them to make appropriate code changes that facilitate MHHS implementation. Under SCR Option 1, Ofgem would continue to take an interest in ensuring both timely delivery of code changes and in line with the intent of our SCR directions. We could revert back to the SCR Option 3 process at a future time if, for example we consider that the standard industry modification processes are delaying timely delivery or not meeting the intent of our directions. We want to ensure that industry receives clear direction from us about what is required to successfully achieve

³ Our [SCR launch statement](#) is on the Ofgem website.

the transition to full MHHS implementation and will provide more details in future publications.

6. Conclusion

6.1. We believe that the implementation approach set out in this document will provide the best option for the timely and efficient implementation of our decisions on MHHS. This is a large and complex programme, and any approach to implementation would have challenges and risks. We have set out here the challenges and risks that we see with this implementation model, and we are keen to have feedback on whether we have accurately captured those challenges and risks, and whether our approach to managing and mitigating them sufficiently addresses them. We would be grateful for any proposals for further proportionate solutions and mitigations that could support more effective implementation of the programme.

7. Next Steps

- 7.1. This consultation closes on **5 March 2021**. We will publish decisions on other aspects of the issues covered in the June consultation alongside the Full Business Case (**FBC**) and final Impact Assessment in Spring of this year. That publication will include a further iteration of the implementation plan and assurance objectives for the programme assurance function. At the same time, or shortly afterwards, we will publish a consultation on the proposed governance structure.
- 7.2. We will also consult in due course, but probably after the publication of the FBC, on the form and detail of the obligations described in paragraphs 3.2-3.5. We expect at the same time to set out our intentions with regards to how and when Ofgem might exercise its step-in powers to secure the effective implementation of the programme should that be necessary.

How to respond

- 7.3. We want to hear from anyone interested in this consultation. Please send your response to the person or team named on this document's front page.
- 7.4. We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 7.5. We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, data and confidentiality

- 7.6. You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 7.7. If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do

not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

- 7.8. If the information you give in your response contains personal data under the General Data Protection Regulation 2016/379 (**GDPR**) and domestic legislation on data protection, the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.
- 7.9. If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

- 7.10. We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:
1. Do you have any comments about the overall process of this consultation?
 2. Do you have any comments about its tone and content?
 3. Was it easy to read and understand? Or could it have been better written?
 4. Were its conclusions balanced?
 5. Did it make reasoned recommendations for improvement?
 6. Any further comments?

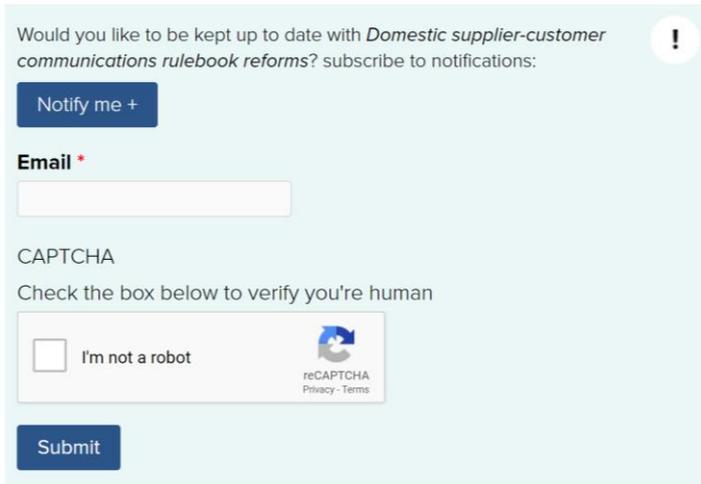
Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website.

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Appendix 1: Summary of Stakeholder comments on Implementation and programme management approach

Identification of Delivery Functions

1.1. There was a majority in favour of the delivery functions proposed. A wide variety of reasons were given for this. These included that the roles identified will help the project be delivered to the required timelines, for instance because the Programme Management Office (PMO) will be solely responsible for coordination. Additionally, that having a PMO should ensure that risks and dependencies across numerous industry parties could be effectively managed.

1.2. Another view received from a number of respondents was that our proposal would require industry participants to communicate with only a few parties in relation to MHHS implementation. They said that this would be beneficial from the perspective of minimising the demand on their resources.

1.3. One respondent replied that because our proposal is similar to the approach taken to implementation by both the Faster and More Reliable Switching (FMRS) programme and Project NEXUS that it has been tested by projects with similar requirements and therefore can be relied on.

1.4. There were also respondents who were supportive of our proposal, but specified conditions about how MHHS implementation should be conducted. Examples were that there should be a lessons learnt exercise concerning the implementation of the FMRS programme, or an options appraisal evaluation to inform a competitive procurement process. Another stipulation made by several respondents was that the party responsible for project management should have a knowledge or view of the industry that goes beyond settlement. It was their opinion that this would prevent an outcome which could negatively impact the industry in areas outside of settlement. Some also requested that more information about the plans for implementation be made available.

1.5. A few respondents suggested that it would be more efficient for the Party Programme Coordinator (PPC) to be separate from the PMO, and noted that the cost of MHHS implementation would ultimately be passed on to consumers.

1.6. Additionally, some respondents raised concerns that the similarity to the delivery functions used in FMRS would lead to undesirable outcomes. A number suggested that lessons should be learned from FMRS and Project NEXUS. One stakeholder said that the PMO

in FMRS had been overly focussed on the central system changes whilst licensed parties were left unsure of what actions they needed to take. They recommended that the assurance function be combined with the PMO role. Another view we received was that FMRS was a more complex project, so using the same delivery model would be unnecessary.

1.7. Another respondent suggested that it would be more proportionate for Ofgem to link this together with the planning and implementation of other change programmes. A further view was that the future governance structure of the project should be revised so as not to rely on working groups making decisions which affect the whole industry.

Management of Delivery Functions

1.8. In terms of the management of the delivery functions there was a broad spectrum of views. In particular, concerning which party should be responsible overall and which party should undertake the role of PMO. There was a majority in favour of Ofgem maintaining overall responsibility. Reasons given in support of this included that we could intervene in the event of problems, that we can provide central oversight of the changes needed to multiple industry codes and that Project NEXUS struggled until Ofgem took more direct control. One stakeholder believed that without Ofgem control participants could potentially pursue their own motivations, and gave BSC Mod P413 as an example of this.

1.9. Alternative suggestions included a steering group of industry experts with skills around change management helping Ofgem to hold the appointed party or parties to account or an options appraisal evaluation to inform a competitive procurement process. One respondent recommended that a Partnership Operations Board either alongside or instead of a Strategic Partnership Board should be considered. In addition, the use of an electronic Programme Management Portal and a Project Management Information System due to the number of parties involved was also suggested.

1.10. One stakeholder responded that they would like to see some involvement from Ofgem but that weighting accountability more towards industry would ensure better engagement. They proposed a steering group of industry experts who would help us to hold the PMO functions to account, and that this has previously been effective when ELEXON was appointed by LCCC to be the Electricity Market Reform Settlement Services Provider for the Feed-In Tariffs Contracts for Difference and Capacity Market. They also suggested that ELEXON should separately undertake the PMO role.

1.11. Regarding which party should be appointed as PMO, there was no consensus among respondents. Opinion was particularly divided on the question of whether the role should be

filled by an industry party such as ELEXON, or by an organisation which is independent of the industry.

1.12. Several stakeholders stated that ELEXON would be a good option for PMO. Reasons given in support of this view included that ELEXON has the necessary knowledge of the industry and has been consistently effective in administering the BSC and delivering IT solutions for settlement and Electricity Market Reform activities. Some respondents also noted that ELEXON has been involved with the development of the MHHS TOM.

1.13. However, some stated strong views that ELEXON should not be appointed. Predominantly, this was because of concerns about a potential conflict of interest. Other arguments made against ELEXON holding the PMO function were that some respondents wanted assurance that ELEXON would have the capacity to undertake this additional role without impacting its BAU processes, and that they may prioritise delivering MHHS to the stipulated timescales for reputational reasons over achieving the optimal outcomes. Some of these stakeholders also considered that the appointment of ELEXON could be detrimental to competition.

1.14. A proportion of responses requested that the PMO role should not go to an industry party. The reasons put forward for this again included that it could lead to a conflict of interest. Additionally, that a party should not be responsible for managing the delivery of a project at the same time as being subject to the change programme they are responsible for delivering. Another stakeholder said that the delivery roles should be independent to ensure integrity and non-bias. Several gave the implementation of Project Nexus by Xoserve as an example of how a stakeholder being responsible for project managing a significant change project can lead to difficulties.

1.15. In terms of how the delivery of MHHS should be funded, there was a majority in favour of our proposal for costs to be covered via a BSC funding mechanism. A number of respondents also stressed that the delivery must be cost effective.

Appendix 2 – Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (**GDPR**).

Note that this section only refers to your personal data (your name, address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest, such as a consultation.

3. With whom we will be sharing your personal data

We will not share your personal data with any organisation outside Ofgem, unless we are required to do so to fulfil a legal obligation.

4. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will only be held for as long as is necessary for the purposes of the Market Wide Settlement Reform project.

5. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

6. Your personal data will not be sent overseas.

7. Your personal data will not be used for any automated decision making.

8. Your personal data will be stored in a secure government IT system.

9. More information For more information on how Ofgem processes your data, click on the link to our "[Ofgem privacy promise](#)".