

Response Form

Market-Wide Half-Hourly Settlement (MHHS)

Consultation on Programme Implementation

Principles

The deadline for responses is 5 March 2021. Please send this form to HalfHourlySettlement@ofgem.gov.uk once completed.

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Is your feedback confidential? NO ☒ YES ☐

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Challenges and Risks

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?

We agree with the challenges and risks highlighted by Ofgem as part of its proposals to move to an industry led approach for Market Wide Half-Hourly Settlements (MHHS). There are further challenges that we suggest should also be recognised. These are:

1. Critical Timeline - The industry will be working towards a timeline following the MHHS Spring decision. It is important that code modifications, including cross code work is undertaken in a timely manner to allow for adequate system development and testing. The industry led approach may not have sufficient authority, particularly in cross code matters, to resolve issues and reduce delays should they arise.
2. Industry Expertise - The existing MHHS governance structure is well established and relies heavily on key industry experts that are already engaged with the programme. It is important that where appropriate key industry experts are retained and continue to provide views within the forthcoming governance structure.
3. Authority Powers – It is not clear how powers granted to the Authority will flow down into the industry led model, specifically those under the Significant Code Review and Smart Meters Act, as these cannot be delegated to another body.

Mitigations to the above highlighted risks will largely rely on the already proposed solution of robust governance arrangements. However, whilst we note that Ofgem retains step in powers, it should perhaps consider a more active role that can step in more readily than prescribed and support Elexon in its future role as Senior Responsible Owner (SRO), should the need arise. This may be to make determinations on cross code matters where resolution is not forthcoming in a timely manner.

Depending on programme timings, Ofgem may wish to consider use of the Cross Code Steering Group (CCSG), which is being formalised through the Retail Energy Code (REC) later this year and will introduce new obligations in all relevant industry codes. This may be an appropriate forum to debate MHHS cross code modifications.

- 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?

We are supportive of the solutions and mitigations proposed by Ofgem. It would be helpful to better understand the timelines and interactions between:

1. Establishing programme structures and governance.
2. Placing obligations on licensees and code bodies to secure the effective implementation of the programme.
3. Ofgem use of Significant Code Review or Smart Meters Act powers.
4. Appointment of programme roles, including the independent audit function prescribed as part of the solution and mitigations.
5. Code change timelines.

It is important that Ofgem/Elexon consult with the wider industry to seek views on the robustness of the future programme structure and governance, particularly considering the key role it plays in mitigating the highlighted challenges and risks.

We would expect that the future governance arrangements for MHHS would include an ongoing requirement to continue seeking views of the wider industry prior to any significant decisions and modification to industry codes. An advance timetable of these consultations would be helpful.