

Ofgem
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By email to: HalfHourlySettlements@ofgem.gov.uk

3 March 2021

Dear Ofgem

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

Thank you for the opportunity to provide views on the Market Wide Half Hourly Settlement Programme Implementation Principles.

Please see below ScottishPower's response to the two questions within the consultation:

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?*

ScottishPower Energy Retail is in support of Ofgem's minded-to position to make Elexon PM (consistent with facilitating mod P413). The governance should be comparable with that currently in place for the CSS programme.

In our opinion, there could be a potential conflict of interest if the Independent Assurance role is appointed by (and contracts commercially with) Elexon AND is expected to provide assurance on the central programme as well as market participant readiness. Therefore, in line with other programs, Ofgem should appoint the assurance provider. During Nexus, for example, Xoserve appointed Baringa as independent assurance provider but OFGEM brought in PwC to provide industry assurance on the overall programme coordination and shipper readiness. This seems a reasonable model to follow to avoid the risk, or appearance, of a conflict of interest arising from Elexon appointing the Independent Assurance.

In respect of any costs incurred by Elexon as PIM, including contracting with the Independent Assurer if applicable, BSC Parties will need early sight of the impact on BSC charges to allow cost forecasting.

The separation of PIM responsibilities within Elexon from the usual BSC activities is key to ensuring service is maintained and that visible cost segmentation avoids any cross-subsidies.

The Retail Energy Code, DCUSA and CSS impacts need to be considered (cross code working) through the program to eliminate any risks, issues or impacts to the MHHS program or existing codes and processes. We believe that a key to success here will be Ofgem watching cross-code exposures closely to prevent delays and fragmented developments (as has happened with previous developments such as P272); OFGEM should be prepared and ready to instruct an SCR if necessary to coordinate cross-code dependencies.

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?*

Yes, we support of the solution and mitigations proposed. However, we would like the points noted above to be taken into consideration

Yours sincerely,

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