

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.

Organisation: SSE Energy Supply Limited

Contact: Mark Jones

Is your feedback confidential? NO YES

Unless you mark your response confidential, we will publish it on our website, www.ofgem.gov.uk, and put it in our library. You can ask us to keep your response confidential, and we will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your response confidential, you should clearly mark your response to that effect and include reasons.

If the information you give in your response contains personal data under General Data Protection Regulation (EU) 2016/679 and Data Protection Act 2018, the Gas and Electricity Markets Authority will be the data controller. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. If you are including any confidential material in your response, please put it in the appendices.

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 would like to bring to your attention a number of other risks. We believe that it is very challenging to fully eliminate the risk of a conflict of interest in this project and would like to use Project Nexus as a learning point. In Project Nexus, Xoserve had a dual role - overseeing the industry programme and ensuring its own internal IT preparations progressed in line with industry milestones. The delay to Project Nexus was considered to have been attributed to the inevitable conflict that fulfilling both of these roles simultaneously presents. If Elexon is appointed as the project manager there needs to be a definite and strong internal separation of the MHHS project management function. Elexon is not a company that has large project management experience and may not have the necessary level of project management skill in house, and we would urge Ofgem to consider whether a competitive tender process may be a better course of action.

Given Elexon's role in the industry, having them as project manager will focus the project as a settlement only project, but it is much wider than that and will have both a cross code impact and a large customer focus. A non-industry project manager would be likely to take a more holistic and wider view of the impact of MHHS on all stakeholders and parties impacted by the project.

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 believe that Ofgem should take a larger role in the management of the project. Whilst external monitoring can be put in place, in practice it is often difficult to reflect the reality of the status if the project reporting is at arm's length. Ofgem should take a major role in assessing the readiness of parties at different stages of the project as Elexon cannot mandate responses from parties. Ofgem should set key check points at various stages of the project and should put in place a programme of expected meetings, in a similar manner to those scheduled under Project Nexus after Ofgem stepped in, where there were steering group meetings in addition to those meetings that were at the more granular level of detailed requirements.

There should be appropriate financial incentives and disincentives put in place for Elexon to incentivise project delivery in line with the programme plan. There is no detailed design available over and above the Target Operating Model and so it is very difficult for parties to define a detailed design of their systems and to specify a system design and build project this far ahead of implementation. There needs to be a clear and complete set of detailed requirements to allow parties to start designing their systems for MHHS. In addition to this, Ofgem are not planning to make their final decision on the implementation of MHHS until Q2 2022 at the earliest, and in light of this cannot necessarily expect parties to start gearing up projects ahead of this as to do so would be putting significant amounts of spending at risk. This should be considered when setting expected delivery dates on parties. The project for some parties may start at the point Ofgem confirms the go ahead of MHHS and this fact should be considered in the planned implementation date.