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Dear Anna

Market Wide Half Hourly Settlement (MHHS) - Response to Ofgem's Consultation on Programme Implementation Principles

Thank you for the opportunity to respond to the above consultation on the MHHS programme implementation principles.

We remain fully supportive of the objectives of settlement reform and we support Ofgem's plan to appoint Elexon as Senior Responsible Owner (SRO) for the project. We also support Ofgem retaining step-in powers via Programme Sponsorship in the event of unintended consequences. Our response to the two specific consultation questions is set out in Annex 1.

We hope you find our response helpful and we look forward to further engagement with Ofgem on this reform programme.

Yours sincerely,

CJ Allanson

Chris Allanson
Commercial Manager – Industry Governance

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Annex 1

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

1. This is Northern Powergrid's response to Ofgem's specific questions in the above consultation.

Q1: 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?

2. Yes, we agree with the challenges and risks identified by Ofgem. We would, however, highlight some additional potential risks and suggest a means to mitigate them. In particular, we agree with Ofgem's comment in paragraph 4.6 of the consultation on the importance of building the trust of programme participants and with the intention in 4.9 b) to ensure, through the governance structure, that there is appropriate representation from all categories of programme participant.
3. We see a potential risk of unintended consequences from the removal of data items and supporting data flows, where such data items are not required to support the Target Operating Model (TOM) but may be needed to support other industry processes. In addition, there may be industry parties who are not directly affected by transition to the TOM but may be indirectly affected as a consequence of data or process changes. We suggest appropriate mitigation would be to include data experts from other code managers within the governance structure of the programme, for example by bringing in switching expertise from the REC Manager and Data Transfer Network expertise from Electralink. Such expertise may not be needed in later stages of the programme, e.g. system testing, but would be useful to contribute checks and balances in the system development phases.

Q2: 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?

4. Yes, on the whole we support the solutions and mitigations proposed. We would, however, advocate that the delivery assurance measures used for the Faster Switching programme should not be directly copied across into the MHHS programme. Feedback should be sought from distributors, suppliers and their service providers on the effectiveness and efficiency of the assurance processes for the Faster Switching programme, with lessons learned captured and considered prior to procuring independent assurance expertise for the MHHS programme. The planned publication of the Full Business Case (FBC) and final Impact Assessment in spring (as noted in paragraph 7.1 of the consultation) which will include the objectives for the programme assurance function, provides an ideal opportunity to consult on lessons learned from the assurance activity in the Faster Switching programme. We note in paragraph 4.3, the FBC will set out objectives for independent expert assurance and we welcome the transparency that this will provide to programme stakeholders. It is important that those objectives cover all of the key aspects of the programme including the project scope set by Ofgem and agreed with Elexon, the final specifications for system changes (including version control) and the implementation timetable, with the timetable changed or revalidated as appropriate.