

Modification proposal:	Balancing and Settlement Code (BSC) P460: 'Amend the responsibility to propose and consult on a MHHS Migration Plan' (P460)		
Decision:	The Authority ¹ directs that this modification be made ²		
Target audience:	National Grid Electricity System Operator (NGESO), Parties to the BSC, the BSC Panel and other interested parties		
Date of publication:	2 November 2023	Implementation date:	Five working days after Authority decision date

Background

Currently, generators and suppliers trade electricity in the wholesale market in half-hourly (HH) periods, but most customers are settled on a 'non-half-hourly' (NHH) basis, using usage estimates that are based on profiles of average customers and meter readings. Market-Wide Half-Hourly Settlement (MHHS) will utilise the potential of smart meters to send accurate signals to suppliers about the cost of serving their customers throughout each day.

MHHS requires that all Metering System Identifiers (MSIDs) are settled on a HH basis. The process by which NHH Meter Point Administration Numbers (MPANs) become HH is referred to as 'migration'. A key phase in delivering MHHS is to migrate all MPANs from the existing non-half hourly to the new MHHS arrangements.

Currently, BSC Section C 'BSCCo and its Subsidiaries'³ states that BSCCo (Elexon) has a responsibility to propose, consult on and obtain approval for a MHHS Migration Plan. However,

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ <https://bscdocs.elexon.co.uk/bsc/bsc-section-c-bscco-and-its-subsidiaries>

in practice the MHHS Programme intends for the responsibility of managing and developing the MHHS Migration Plan to sit with the MHHS System Integration (SI) function. The P460 modification accordingly proposes that the MHHS Migration Plan requirements in BSC section C12.11.3 move from Elexon responsibility to the SI responsibility in section C12.8.

The modification proposal

On 10 August 2023, BSC modification proposal P460 (the proposal) was raised by the BSC Panel (the proposer). The proposal was followed by a draft modification report, which, following consultation, was presented to the BSC Panel on 14 September 2023.

The proposal aims to update BSC Sections C12.11.1 and C12.2.14 to reflect the movement of responsibility to propose, consult on and obtain approval for a MHHS Migration Plan, from Elexon to the MHHS SI. This transfer of responsibility is explicitly regarding proposing, consulting on and obtaining approval for a MHHS Migration Plan. As such, P460 does not look to amend or address the responsibilities that may be placed on Elexon in order to deliver the final MHHS Migration Plan.

The proposer considers the benefit of implementing P460 is centred around resource efficiency. The MHHS SI has responsibility for Migration activities within the Market-wide Half Hourly Settlement Programme (MHHS) and this is reflected in the resourcing of both Elexon and the MHHS, including the business separation arrangements⁴ in place. Given these arrangements, the proposer believes moving the responsibility to draft the Migration Plan to the MHHS will provide greater efficiency of resource in line with expectations. As such, the proposer considers that the proposal better facilitates Applicable BSC Objective (d)⁵ and is neutral against all other objectives.

⁴ https://www.mhhsprogramme.co.uk/uploads/8ddf8017-6805-4599-a8cc-1fa8e0233aa0/MHHS-Business_Separation_Plan_V2.0_-_4_April_2023.pdf

⁵ Applicable BSC Objective (d) is “promoting efficiency in the implementation and administration of the balancing and settlement arrangements”.

BSC Panel⁶ recommendation

At the BSC Panel meeting on 14 September 2023, the BSC Panel unanimously considered that P460 would better facilitate BSC objective (d), and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 18 September 2023. We have considered the responses to the industry consultation(s) which are attached to the FMR.⁷ We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the BSC;⁸ and
- directing that the modification be made is consistent with our principal objective and statutory duties.⁹

Reasons for our decision

We consider this modification proposal will better facilitate BSC objective (d) and will have a neutral impact on the other applicable objectives.

(d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements

This modification proposal will better facilitate the achievement of Applicable BSC Objective (d) as the movement of responsibility to propose, consult on and obtain approval for a MHHS

⁶ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and [Standard Special Licence Condition C3 of the Electricity Transmission Licence](#).

⁷ BSC modification proposals, modification reports and representations can be viewed on the [Elexon website](#).

⁸ As set out in [Standard Condition C3\(3\) of the Electricity Transmission Licence](#).

⁹ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

Migration Plan to the MHHS SI is a better reflection of the resourcing in both Elexon and the MHHS.

The consultation received four responses, all of which supported the Panel's unanimous recommendation to approve P460. Additionally, all responses supported the Panel's recommended implementation date of 'five working days following Authority Decision'. One response outlined its support for the implementation date on the basis that the sooner the described responsibility is placed on the MHHS SI, the sooner the first draft of the Migration Plan can be developed and shared with BSC Parties. This was important given that the programme plan requires the final Migration Plan to be approved by 31/01/2025.

We note that the MHHS support this modification. Additionally, they offered clarity in their consultation response that while this modification ensures the responsibility for developing the Migration Plan will be appropriately placed on the MHHS SI, it may be that the final agreed Migration Plan places responsibility for delivering migration on Elexon. This modification does not place the responsibility to deliver such plan solely with MHHS and the MHHS SI. We expect the operation and governance of the Migration Plan to be adequately reflected in the appropriate governance and regulatory framework ahead of migration commencement. As such, MHHS Programme Participants and the industry should ensure that they have the resources necessary to adhere to the MHHS Implementation Timetable¹⁰ and so ensure the earliest possible delivery of MHHS-related benefits to consumers.

Considering all views shared, we agree with the view of the proposer and BSC Panel that P460 will better facilitate BSC Objective (d). However, noting that while the responsibility for the Migration Plan will move from Elexon to the MHHS SI, the final Migration Plan may place additional responsibilities on Elexon concerning the delivery of MHHS migration. As such, we expect a subsequent modification to be raised in order to appropriately capture the delivery responsibilities of Elexon.

Decision notice

¹⁰ [Programme Plan & Complementary Documents - MHHS Programme](#)

In accordance with Standard Condition C3 of the Transmission Licence, the Authority hereby directs that modification proposal BSC P460: 'Amend the responsibility to propose and consult on a MHHS Migration Plan' be made.



Melissa Giordano

Deputy Director Retail

Signed on behalf of the Authority and authorised for that purpose.