Final Modification Report

P460 ‘Amend the responsibility to propose and consult on a MHHS Migration Plan’

To change responsibility for proposing, consulting on and obtaining approval of the Market-wide Half Hourly Settlement (MHHS) Migration Plan from BSCCo to the Market-wide Half Hourly Settlement Programme (MHHSP).

The BSC Panel recommends **approval** of P460

The BSC Panel **does not** believe P460 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- All BSC Parties

ELEXON

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

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About This Document

You can find the definitions of the terms and acronyms used in this document in the BSC Glossary[1].

This is the P460 Final Modification Report, which Elexon has submitted to the Authority on behalf of the BSC Panel. It includes the Panel's full views and the responses to the Panel's Report Phase Consultation. The Authority will consider this report and will decide whether to approve or reject P460.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach.
- Attachment A contains the P460 Proposal Form.
- Attachment B contains the draft redlined changes to the BSC for P460.
- Attachment C contains the full responses received to the Panel's Report Phase Consultation.

[1] https://www.elexon.co.uk/glossary/?show=all

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Not sure where to start?

We suggest reading the following sections:

- Have 5 minutes? Read section 1
- Have 15 minutes? Read sections 1,8,9
- Have longer? Read all sections and the annexes and attachments.

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1 Summary

Why Change?

BSC Section C 'BSCCo and its Subsidiaries'[2] states that BSCCo has a responsibility to propose, consult on and obtain approval for a MHHS Migration Plan. However, responsibility for Migration activities sits with the MHHS System Integration (SI) function. Therefore it would be a more efficient use of resource for the MHHSP to create, consult on and obtain approval for the migration plan.

Solution

Move the MHHS Migration plan requirements in BSC section C12.11.3 from BSCCo responsibility to the SI responsibility in section C12.8. Update Sections C12.11.1 and C12.2.14 to reflect the change.

Impacts & Costs

Costs to implement this Modification for BSCCo will be low (<£1k) as it is a document only change. No costs or impacts have been identified for BSC Parties, as regardless of who leads on the Migration Plan (BSCCo or MHHS SI) the costs will be approximately the same.

The MHHSP noted Medium impacts and costs to implement P460. The MHHSP noted there will be an increase in costs of the Programme to develop the plan which will fall onto Suppliers as Programme funders, but this should be partially offset by a reduction in BSCCo costs.

We note that MHHS SI, BSCCo and respondents are all supportive of this change and that it will reflect the current planned work for the MHHS SI to lead on the Migration Plan.

Implementation

This Modification is a document only change and will not incur any system or process changes for Elexon or Market Participants. As such it is recommended the Modification is implemented as soon as reasonably practical to provide clarity to all Market Participants on who will manage the MHHS Migration Plan. Therefore, an Implementation Date of **5 Working Days following Authority decision** is recommended.

Recommendation

The BSC Panel recommends to the Authority that P460 is approved as it better facilitates Applicable BSC Objective (d). No impacts on the EBGL have been identified.

[2] https://bscdocs.elexon.co.uk/bsc/bsc-section-c-bscco-and-its-subsidiaries

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2 Why Change?

What is the issue?

BSC Section C 'BSCCo and its Subsidiaries' states that BSCCo has a responsibility to propose, consult on and obtain approval for a MHHS Migration Plan. However, responsibility for Migration activities sits with the MHHS System Integration (SI) function. Therefore it would be a more efficient use of resource for the MHHSP to create, consult on and obtain approval for the migration plan.

Background

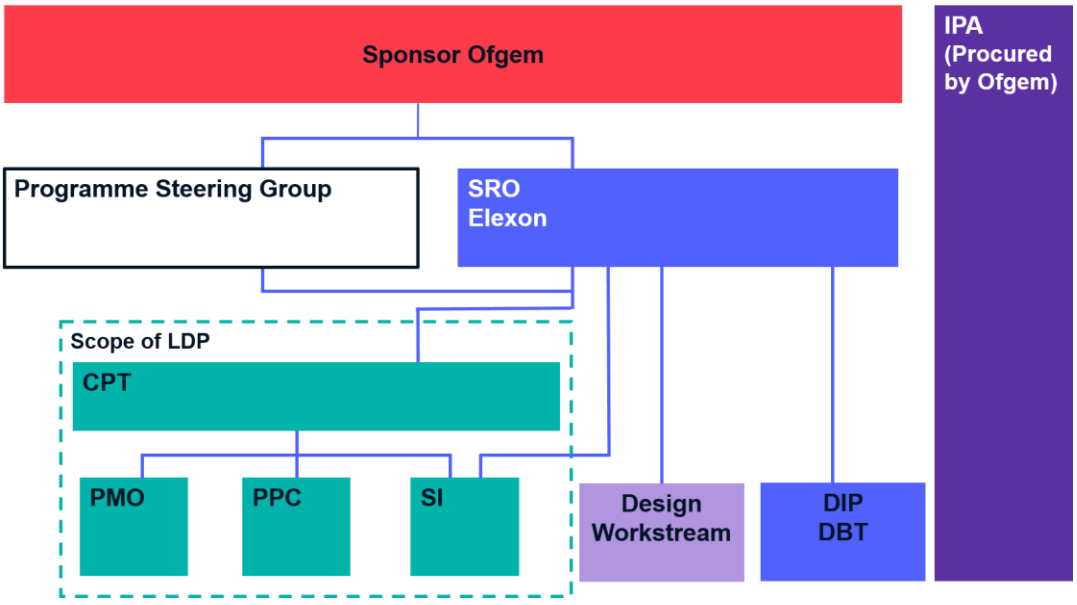
MHHS

MHHS is a reform initiative in the Great Britain (GB) electricity sector that aims to make the process of electricity Settlement more precise by leveraging the capabilities of smart meters. Unlike the current system for retail consumers, where energy usage is estimated based on consumer profiles, smart meters record exact energy usage or export every Half Hour, enabling a more accurate and timely Settlement process. This accuracy is expected to lead to the development of new products and services and deliver significant benefits to consumers, ranging from £1.6bn to £4.5bn between 2021 and 2045. The MHHS programme is overseen by the Office of Gas and Electricity Markets (Ofgem) and managed by Elexon.

MHHS SI

The MHHS SI is responsible for securing the robust and stable integration of the IT Systems to be used by MHHS Participants for the purposes of market-wide, half-hourly Settlement.

The MHHS SI is provided by the Lead Delivery Partner[3] (LDP) for the MHHSP and its role in the overall programme structure is detailed in the SI box below:



[3] https://www.mhhsprogramme.co.uk/programme-information/programme-overview

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Desired outcomes

Allow the MHHSP to propose, consult on and obtain approval for the MHHS Migration Plan, thus promoting the most efficient use of resource.

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3 Solution

Proposed solution

Move the MHHS Migration plan requirements in BSC section C12.11.3 from BSCCo responsibility to the SI responsibility in section C12.8. Update Sections C12.11.1 and C12.2.14 to reflect the change.

Benefits

The following benefit should be realised by implementing this Modification:

- **Resource Efficiency**: The MHHS SI has responsibility for Migration activities within the MHHSP and this is reflected in the resourcing of both BSCCo and the MHHSP, including the business separation arrangements[4] in place. Given these arrangements, moving the responsibility to MHHSP to draft the migration plan will provide greater efficiency of resource in line with expectations.

Legal text

Updates to BSC Section C will be made as detailed in the Proposed Solution section of this document. Attachment B contains the draft Legal Text.

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

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4 Impacts & Costs

Estimated costs of P460

We do not anticipate any material additional costs for Parties.

There are costs to propose, consult on and obtain approval of the MHHS Migration Plan, but these cost will be approximately the same whether BSCCo or MHHS SI fulfils these activities. The expectation, as reflected in the MHHS Plan is that MHHS SI will conduct this work. The costs for this work will be recovered from Suppliers if P460 is approved (under the MHHS funding mechanism) or via all BSC Trading Parties (under the BSC funding share mechanism), if P460 is not approved.

We asked respondents to the Report Phase Consultation to indicate their expected costs using the following categories:

- High: >£1 million
- Medium: £100k-1000k
- Low: <£100k

Implementation cost estimates			
Organisation	Item	Implementation (£)	Comment
BSCCo	Systems	0	
	Documents	<1k	Document only change to BSC Section C
	Other	0	
MHHS SI	Other	100k to 1000k	Costs to develop, consult on and manage MHHS migration plans. MHHS SI indicated costs would be at the lower end of this cost category.
Industry	Systems & processes	0	None identified.
	Total	<1k	

On-going cost estimates		
Organisation	Implementation (£)	Comment
Elexon	-	
NGESO	-	
Industry	-	
Total	-	No ongoing costs anticipated.

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P460 impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated cost
All BSC Parties	No implementation or on-going costs are anticipated for any Parties. It is anticipated this Modification will have a minor positive impact on all BSC Parties by clarifying that the MHHSP will create, consult on and obtain approval for the MHHS migration plan.	N/A

Impact on the NETSO	
Impact	Estimated cost
No impacts anticipated	N/A

Impact on BSCCo		
Area of Elexon	Impact	Estimated cost
Elexon	Minor impact to implement BSC document changes that confirm the MHHSP will create, consult on and obtain approval for the MHHS migration plan. Positive impact on Elexon resource assigned to non MHHS Migration Plan workload.	N/A

Impact on BSC Settlement Risks
No impacts on Settlement Risks are anticipated or identified.

Impact on BSC Systems and process	
BSC System/Process	Impact
None	N/A

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Impact
None	N/A

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Impact on Code	
Code Section	Impact
Section C	Move the MHHS Migration plan requirements in BSC section C12.11.3 from BSCCo responsibility to the SI responsibility in section C12.8. Update Sections C12.11.1 and C12.2.14 to reflect the change.

Impact on MHHS
The MHHSP will have responsibility for proposing, consulting on and obtaining approval for the MHHS Migration Plan, however no other impacts are anticipated. The MHHSP noted Medium impacts and costs (£100,000 - £1,000,000 using the categories provided in the consultation) to implement P460. However, they confirmed to us that they expect the costs to be much closer to £100k within this category. The MHHSP noted there will be an increase in costs of the Programme to develop the plan which will fall onto Suppliers as Programme funders, but this should be partially offset by a reduction in BSCCo costs.

Impact on EBGL Article 18 terms and conditions
No impacts on the EBGL Article 18 terms and conditions have been identified.

Impact on Code Subsidiary Documents	
CSD	Impact
None	N/A

Impact on other Configurable Items	
Configurable Item	Impact
None	N/A

Impact on Core Industry Documents and other documents	
Document	Impact
Ancillary Services Agreements	No impact
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Grid Code	
Retail Energy Code	
Supplemental Agreements	

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Impact on Core Industry Documents and other documents	
Document	Impact
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects
No. Ofgem have confirmed this is an SCR Exempt Modification.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability None identified	Neutral
2) Lower bills than would otherwise be the case None identified	Neutral
3) Reduced environmental damage None identified	Neutral
4) Improved quality of service None identified	Neutral
5) Benefits for society as a whole None identified	Neutral

Other Impacts	
Item impacted	Impact
N/A	N/A

What are the consumer b

1) Will this change mean tl
now and in the future in a v
2) Will this change lower c
spend, for example on bal
3) Will this proposal suppo
i) new providers and techn
ii) a move to hydrogen or l
iii) the journey toward statu
iv) decarbonisation?
4) Will this change improve
interactions in the value ch
5) Are there any other ider

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5 Implementation

Recommended Implementation Date

The Panel recommends an Implementation Date for P460 of:

- **5 Working Days after Authority decision**, as part of a special BSC Release

This Modification is a document only change and will not incur any system or process changes for Elexon or Market Participants. As such it is recommended the Modification is implemented as soon as reasonably practical to allow the MHHSP to commence writing the MHHS Migration plan and provide clarity to parties on their requirements. Therefore, an Implementation Date of 5 Working Days following Authority decision is recommended.

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6 Panel's Initial Discussions

Elexon presented the Initial Written Assessment for P460 to the BSC Panel at its meeting on 10 August 2023 (341/04[5]).

Elexon advised the Panel that the MHHS SI has responsibility for Migration activities within the MHHSP and this is reflected in the resourcing of both BSCCo and the MHHSP, including the business separation arrangements in place. Given these arrangements, the argument for moving the responsibility to MHHSP to manage the migration plan was self-evident and as such the Modification would be best served being progressed directly to Report Phase. Furthermore, BSC Parties will be given a chance to comment on the suitability of the Modification via the Report Phase Consultation.

Elexon confirmed the Modification should better facilitate Applicable BSC Objective (d) 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements' as allowing the MHHSP to manage the MHHS Migration plan will be the most efficient and logical use of resources.

As the Modification will impact the Code's governance procedures (which were put in place by Ofgem via P423[6]) we did not believe this was a candidate for Self-Governance and as such should be referred to the Authority for a final decision. The Panel agreed with this view.

The Panel had no comments on P460. The Panel:

- **RAISED** the Modification Proposal in accordance with Section F2.1.1(d) (i);
- **AGREED** P460 progresses directly to the Report Phase;
- **AGREE** that P460:
    - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREED** an initial view that P460 **SHOULD NOT** be treated as a Self-Governance Modification;
- **AGREED** that P460 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- **AGREED** an initial recommendation to the Authority that P460 should be **APPROVED**;
- **AGREED** an initial Implementation Date of:
    - **5 Working Days** following Authority decision;
- **AGREED** the draft Legal Text; and
- **NOTED** that Elexon will issue the Draft Modification Report (including the draft Legal Text) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 14 September 2023.

[5] https://www.elexon.co.uk/meeting/bsc-panel-341/
[6] https://www.elexon.co.uk/mod-proposal/p423/

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7 Report Phase Consultation Responses

This section summarises the responses to the Panel's Report Phase Consultation on its initial recommendations. You can find the full responses in Attachment C.

We received 4 responses to the consultation, 1 from the MHHSP and 3 from Distributors. All respondents were in agreement with the Panel's initial unanimous recommendations and supportive of the Modification.

The MHHSP noted Medium impacts and costs (£100,000 - £1,000,000 using the cost categories provided in the consultation) to implement P460. The MHHSP noted there will be an increase in costs of the Programme to develop the plan which will fall onto Suppliers as Programme funders, but this should be partially offset by a reduction in BSCCo costs.

Summary of P460 Report Phase Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the Panel's initial unanimous recommendation that P460 should be approved?	4	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P460?	4	0	0	0
Do you agree with the Panel's recommended Implementation Date?	4	0	0	0
Do you agree with the Panel's initial view that P460 should not be treated as a Self-Governance Modification?	4	0	0	0
Do you agree with the Panel's initial view that P460 does impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?	4	0	0	0
Do you have any further comments on P460?	1	3	-	-

Summary of P460 Report Phase Consultation Responses					
Question	High	Med	Low	None	Other
Will P460 impact your organisation?	0	1	0	3	0
How much will it cost your organisation to implement P460?	0	1	0	3	0
What will the ongoing cost of P460 be to your organisation?	0	0	0	4	0

Summary of P460 Report Phase Consultation Responses				
Question	0-6 Months	6-12 Months	>12 Months	Other
How long (from the point of approval) would you need to implement P460?	4	0	0	0

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8 Panel's Final Discussions

Elexon presented to the P460 Draft Modification Report to the BSC Panel at its meeting on 14 September 2023[7]. The Panel agreed with all recommendations and had no further comments on P457.

The Panel:

- **AGREED** that P460:
    - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREED** that P460 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- **AGREED** that P460 **SHOULD NOT** be treated as a Self-Governance Modification;
- **AGREE** Da recommendation to the Authority that P460 should be **APPROVED**;
- **AGREED** an Implementation Date of:
    - **5 Working Days** following Authority decision;
- **APPROVED** the draft Legal Text; and
- **APPROVED** the P460 Modification Report.

[7] https://www.elexon.co.uk/meeting/bsc-panel-342/

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9 Recommendations

The BSC Panel recommends to the Authority:

- That P460 be **approved**;
- That P460 **does not** impact the EBGL Article 18 terms and conditions held within the BSC;
- An Implementation Date for P460 of:
    - **5 Workings Days** following Authority Decision; and
- The draft Legal Text for P460.

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