

Prioritising the PAF Balancing and Settlement Code (BSC) and BSC Procedure changes required for MHHS

Performance Assurance Board (PAB)

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Summary This paper sets out the Balancing and Settlement Code (BSC) Performance Assurance areas that require review prior to the Market Half Hourly Settlement (MHHS) implementation, and the potential design and Code Changes in order of prioritisation.

1. Introduction

- 1.1 The MHHS Programme (MHHSP) introduces a new Target Operating Model (TOM) along with new industry roles, obligations and systems to enable market wide Half Hourly Settlement.
- 1.2 The MHHSP did not include Performance Assurance changes required for MHHS as part of the design work it has undertaken, which was initially limited to design of the new TOM.
- 1.3 Therefore, Elexon has agreed with the MHHSP that it will consider the Performance Assurance changes required. A Performance Assurance Working Group (PAWG) – an open group of industry participants- has been set up to work with Elexon to consider the changes required. Recommendations from this group will be approved by the PAB.
- 1.4 There is an opportunity for these changes to be included in the “Consequential Change” Code drafting phase in the MHHSP plan, approved by the MHHS Cross Code Advisory Group (CCAG) and by Ofgem. The draft plan released for the round three re-plan consultation currently sets any changes being required into the MHHSP by 1 August 2023 to be approved through this route.
- 1.5 This is the most desirable route to make changes, as it ensures that the requirements are in place for MHHS migration, and that the MHHSP has a clear view of all the MHHS related changes.
- 1.6 However, due to the number of Performance Assurance techniques it is unlikely that all areas will be covered in these short timescales. For the Performance Assurance areas, the work would need to encompass the review, design, as well as Code drafting within that time. Modifications in some of these areas in the past have taken a long time to work through the process.
- 1.7 Elexon will therefore raise Modifications or Change Proposals under the Business as Usual process for any areas that are not sufficiently completed by 1 August 2023.
- 1.8 Elexon will continue to work through the areas in a prioritisation order based on:
 - The expected impact of MHHS on the area
 - The volume of change expected
 - Whether the change is required for the start of migration
 - Expected level of debate/variation of views
 - Expected impacts on industry
 - System development requirements expected
- 1.9 Elexon has set out the prioritised list below for PAB consideration and approval.

2. MHHS Performance Assurance areas in priority order

Area	Expected impact of MHHS	The volume of change expected to BSC/BSCPs	Required at start of migration?	Expected level of debate on Code Changes	Expected impacts on industry	Likelihood of System developments being required?
Supplier Charges	High	High	Yes	High	High	High
Performance Reporting	High	High	Yes	Moderate	Moderate	High
Business as usual Qualification	High	Moderate	Yes	Moderate	Moderate	High
Trading Disputes	High	Minimal	From reduced Settlement timetable	Moderate	Moderate	High
Overarching Section Z (higher priority as may impact areas above)	Minimal	Minimal	Yes	Low	Low	Very Low
Bulk Change of Agent	High	Moderate	Yes	Low	Low	Very Low
BSC Audit	High (but not to Code/BSCP) ¹	Minimal	Yes	Low	Moderate (but not the Code changes)	Low
Technical Assurance of Metering	Minimal	Minimal/unexpected	Yes	Very Low	Low	Low
Peer Comparison	Moderate	Minimal	No	Low	Moderate (but not the Code changes)	Moderate (but can be later)
Material Error Monitoring	High (but not to Code/BSCP)	Minimal	No	Very Low	Moderate (but not	Moderate (but can be later)

¹ This status is provided where significant effort is expected to prepare for MHHS eg for adapting workpapers, audit approaches etc but that this isn't required now in order to prepare the Code drafting.

Area	Expected impact of MHHS	The volume of change expected to BSC/BSCPs	Required at start of migration?	Expected level of debate on Code Changes	Expected impacts on industry	Likelihood of System developments being required?
					the Code changes)	
Breach and Default	Very Low	Minimal/unexpected	Yes (but only if required)	Very Low	Low	Very Low

3. Recommendations

The PAB is invited to:

- a) **APPROVE** the MHHS Performance Assurance review prioritisation order set out in the paper.

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