P413 'Enable Elexon to be the Programme Manager for the implementation of Market-wide Half Hourly Settlement'

This Report Phase Consultation was issued on 15 February 2021, with responses invited by 1 March 2021.

Consultation Respondents

Respondent	Role(s) Represented
E.ON Energy Solutions Ltd	Supplier
Scottish Power	Supplier
Centrica	Supplier
SSE Energy Supply Limited	Supplier

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Question 1: Do you agree with the Panel's initial majority recommendation that P413 Proposed Modification should be approved?

Summary

Yes	No	Neutral/No Comment	Other
1	3		

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	No	Although we agree that Elexon should be able to bid for the role of Programme Manager we do not feel they should be automatically appointed without a Tender process. We also feel that the alternate better facilitates the requirements of this modification.
Scottish Power	Yes	SP believes if P413 is not implemented, there is a risk of errors in BSC settlement and higher costs for industry.
Centrica	No	We agree in principle that P413 is needed to facilitate Elexon's provision of MHHS Implementation Management services under the BSC, if Ofgem determines that Elexon should provide some or all of these services. However, in light of Ofgem's related Consultation on Programme Implementation Principles published on 22 January we have serious concerns with Ofgem's proposal to appoint Elexon, as the Senior Responsible Owner (SRO) of the MHHS programme which we would like to see addressed before we would support this proposal. These concerns are: • Consumer communication is an important part of the MHHS programme and ELEXON does not have experience in managing a consumer facing programme. We propose that Ofgem remains as the SRO for this element of MHHS. • ELEXON's core duties revolve around the integrity of settlement and they will work to ensure that its duties are met through MHHS. For many stakeholders the priority will be in keeping costs down for them, and ultimately consumers. Therefore, it is important Ofgem remain responsible

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Respondent	Response	Rationale
		for any decisions that may result in additional costs that consumers will have to bear. • MHHS will have impacts on elements that sit outside the balancing and settlement code (BSC), e.g. smart metering. This will require cross code coordination and it's unclear how ELEXON can make decisions that will affect codes other than those they administer. Ofgem will need to remain as a driving force within MHHS to ensure the various energy industry codes work closely together. • Ofgem has noted the conflict of interest that ELEXON has in being responsible for decision making and for part of the implementation. It's unclear how this conflict of interest can be fully resolved without separating ELEXON into two distinct legal entities – a step that's likely to be costly and complex. • Ofgem's consultation states that Ofgem will remain Programme Sponsor, with step-in powers and yet it's unclear how these powers will be used. We proposed that these powers are exercised for significant decision points, particularly those relating to costs and consumers. We are concerned that Ofgem states that "we do not expect to have to use such powers" given that we have identified areas of the MHHS programme that should be led by Ofgem. • We propose that Ofgem and ELEXON put in place a plan and governance structure that can satisfactorily address our concerns and those of other stakeholders, including key decision points relating to costs and consumers that will require Ofgem to use its step-in powers. Only once a satisfactory plan is in place to address and mitigate our concerns would we be comfortable with ELEXON taking a leadership role within the MHHS programme.
SSE Energy Supply Limited	No	We do not believe that Elexon should be appointed as the programme manager for MHHS and so we are opposed to both the P413 Proposed Modification and the P13 Alternative Modification.

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Question 2: Do you agree with the Panel's initial recommendation the P413 Proposed Modification is better than the P413 Alternative Modification

Summary

Yes	No	Neutral/No Comment	Other
2	2		

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	No	The Proposal will draw costs against the generators who will not be benefiting from the Programme Manager role. The result of this change would also impact the funding share calculations causing increased default costs to Suppliers. As such the revised charging mechanism from the Alternate would better facilitate the charging requirements and direct costs to the Suppliers only without increasing the default costs.
Scottish Power	Yes	The benefits of a lower cost / risk implementation will be shared by all market participants, and so the cost recovery proposed in P413 is appropriate.
Centrica	Yes	As the accrued benefits of MHHS will be shared by all market participants, it is appropriate that the burden of cost also be more equitably shared.
SSE Energy Supply Limited	No	Whilst we are opposed to both modifications, we think that if either is implemented then the P413 Alternative Modification is better.

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Question 3: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of the P413 Proposed Modification?

Summary

Yes	No	Neutral/No Comment	Other
4			

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	Yes	
Scottish Power	Yes	No further comments
Centrica	Yes	
SSE Energy Supply Limited	Yes	We believe that the redlined changes deliver the intention of the P413 Proposed Modification.

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Question 4: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of the P413 Alternative Modification?

Summary

Yes	No	Neutral/No Comment	Other
3		1	

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	Yes	
Scottish Power	No Comment	
Centrica	Yes	
SSE Energy Supply Limited	Yes	We believe that the redlined changes deliver the intention of the P413 Alternative Modification.

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Question 5: Do you agree with the Panel's recommended Implementation Date for the Proposed Modification?

Summary

Yes	No	Neutral/No Comment	Other
3	1		

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	Yes	
Scottish Power	Yes	This is an enabling modification, intended to avoid any undue delay in establishing and commencing the Programme Implementation Management service for the MHHS programme.
Centrica	Yes	
SSE Energy Supply Limited	No	We do not agree that the Proposed Modification should be implemented.

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Question 6: Do you agree with the Panel's recommended Implementation Date for the Alternative Modification?

Summary

Yes	No	Neutral/No Comment	Other
2	2		

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	Yes	
Scottish Power	No	SP believes the alternative modification should be rejected as it is based on incorrect premise about the benefits of the proposal.
Centrica	Yes	
SSE Energy Supply Limited	No	We do not agree that the Alternative Modification should be implemented.

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Question 7: Do you agree with the Panel's initial view that P413 does not impact the EBGL Article 18 terms and conditions held within the BSC?

Summary

Yes	No	Neutral/No Comment	Other
4			

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	Yes	
Scottish Power	Yes	
Centrica	Yes	
SSE Energy Supply Limited	Yes	

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Question 8: Do you agree with the Panel's initial view that P413 should not be treated as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
4			

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	Yes	
Scottish Power	Yes	Due to the material impacts on the Code's Governance procedures
Centrica	Yes	
SSE Energy Supply Limited	Yes	We believe that P413 does not meet the self-governance criteria.

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Question 9: Do you have any further comments on P413?

Summary

Yes	No
2	2

Responses

Respondent	Response	Rationale
E.ON Energy Solutions Ltd	Yes	Supplier costs associated with MWHHS are expected to be significant and although we accept that Elexon are specialists in this area we do feel that this change should allow Elexon to bid into a tender process and not automatically be appointed to ensure best value is delivered to the industry and the most economical value. For clarity I would also outlined that this modification would have no financial benefit to our business and would actually increase costs. The alternative solution would deliver no additional cost outside of the costs associated with the Programme Manager role.
Scottish Power	Yes	The alternative was proposed at workgroup, not because it was considered that Elexon should not act as PIM, but following a workgroup member's question about who would benefit from MHHS. But the benefits of this mod are not the benefits of MHHS, they are those benefits, which when compared to the alternative, arise from avoided costs and risks of an otherwise deficient Programme Implementation. These avoided costs and risks are therefore the benefits of P413 and they impact all BSC Parties. The alternative was therefore proposed on a false premise.
Centrica	No	
SSE Energy Supply Limited	No	

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