Initial Written Assessment

‘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).

Elexon recommends the Panel raises the attached Modification Proposal in accordance with the provisions of Section F - Modification Procedures F2.1.1 (d)(i)

Elexon recommends this Modification is progressed directly to the Report Phase with an initial recommendation to approve

Elexon does not consider that this Modification 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

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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 document is a recommendation to the BSC Panel to raise a Modification Proposal (Attachment A) in accordance with BSC Section F2.1.1 (d) (i). Elexon will present this paper to the BSC Panel at its meeting on 10 August 2023. If the BSC Panel agrees to raise the Modification Proposal, this document will form its Initial Written Assessment (IWA), and the Proposal Form will be updated and published on the Elexon website accordingly.

There are 3 parts to this document:

- This is the main document. It provides details of the Modification Proposal, the solution, impacts, costs, benefits/drawbacks, proposed implementation approach, and a recommendation of how the Modification should progress.
- Attachment A contains the Modification Proposal Form.
- Attachment B contains the draft redlined changes to the BSC for this Modification proposal.

Contact

Andrew Grace

020 7380 4100

BSC.change@elexon.co.uk

Andrew.grace@elexon.co.uk

Not sure where to start?

We suggest reading the following sections:

- Have 5 minutes? Read section 1
- Have 30 minutes? Read all sections
- Have longer? Read all sections and the annexes and attachments.

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

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 and costs

We expect costs to implement this Modification to be low (<£1k) as it is a document only change. We also do not anticipate any costs or impacts for BSC Parties. Any possible further costs and impacts will be evaluated as part of the Report Phase Consultation Procedure.

Implementation

This Modification is anticipated to be a document only change and 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

Elexon invite the BSC Panel to raise this Modification Proposal in accordance with BSC Section F 'Modification Procedures' 3 2.1.1 (d) (i), as we believe it better facilitates Applicable BSC Objective (d) - 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements' by introducing resource efficiencies as outlined in the benefits section of this document.

As the Modification will impact the Code's governance procedures we do not believe this is a candidate for Self-Governance and as such should referred to the Authority for a final decision.

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

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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

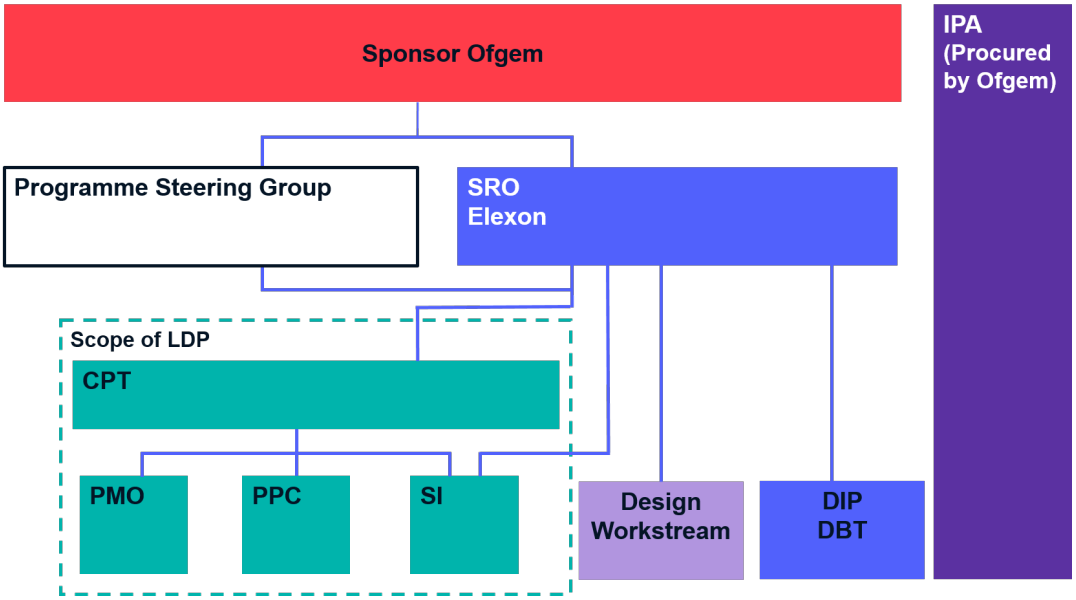
MHHS

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:



MHHS Migration Plan

BSCCo shall propose, consult on, and obtain approval for (in accordance with the MHHS Governance Framework) a plan (the "MHHS Migration Plan") which identifies: (i) which classes of MHHS Participant are to participate in the required migration of Metering Systems; and (ii) the requirements with which each such MHHS Participant must comply (in sufficient detail to enable them to prepare for and complete such migration). The BSCCo shall also ensure that the MHHS Migration Plan includes the timetable for migration set by the MHHS PMO

[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.

Applicable BSC Objectives

This 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.

Implementation approach

Elexon recommends an Implementation Date for this Modification of:

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

This Modification is anticipated to be document only change and 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 initial Implementation Date of 5 Working Days following Authority decision is recommended.

What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

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

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

(g) Compliance with the Transmission Losses Principle

[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 Likely Impacts and costs

Estimated costs

Elexon do not anticipate any costs for BSC Parties, however costs will be confirmed during the Report Phase Consultation. However, for those roles we believe will be impacted, we have indicated in the impacts section whether we believe the costs are likely to be high, medium or low based on the following categories:

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

Implementation costs estimates			
Organisation	Item	Implementation costs (£)	Comment
Elexon	Systems	0	
	Documents	<1k	Document only change to BSC Section C
	Other	0	
NGESO	Systems	0	None anticipated
	Other	0	
Industry	Systems & processes	0	None anticipated, however this view will be confirmed via the Report Phase Consultation
	Total	<1k	

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

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Estimated Impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Potential Impact	Potential 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	
Potential Impact	Potential cost
No impacts anticipated	N/A

Impact on BSCCo		
Area of Elexon	Potential Impact	Potential 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. However, this will be confirmed through the Report Phase Consultation.

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
None	N/A

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

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Impact on Code	
Code Section	Potential 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.

Impact on EBGL Article 18 terms and conditions
No impacts on the EBGL Article 18 terms and conditions are anticipated or identified. However, this will be confirmed through the Report Phase Consultation.

Impact on Code Subsidiary Documents	
CSD	Potential Impact
None	N/A

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

Impact on Core Industry Documents and other documents	
Document	Potential 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	
System Operator-Transmission Owner Code	
Transmission Licence	

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Impact on Core Industry Documents and other documents	
Document	Potential Impact
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects
No. We do not believe this Proposal impacts any open SCRs and have requested it be treated as a SCR Exempt Modification Proposal. Whilst the proposed Modification is linked to the Electricity Settlement Reform SCR we do not believe there are any SCR impacts due to it being self-evident the MHHSP is best placed to draft the MHHS Migration plan.

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	Potential Impact
N/A	N/A

What are the consumer benefit areas?

1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?

2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?

3) Will this proposal support:
i)new providers and technologies?
ii) a move to hydrogen or lower greenhouse gases?
iii) the journey toward statutory net-zero targets?
iv) decarbonisation?

4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.

5) Are there any other identified changes to society, such as jobs or the economy.

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5 Proposed Progression

Next steps

Should the Panel agree to raise this Modification Proposal, we believe it should progress directly to the Report Phase (no industry Workgroup) with a 10 Working Day consultation period.

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 is self-evident. Furthermore, BSC Parties will get a chance to comment on the suitability of the Modification via the Report Phase Consultation.

As the Modification will impact the Code's governance procedures we do not believe this is a candidate for Self-Governance and as such should referred to the Authority for a final decision.

Timetable

Proposed Progression Timetable	
Event	Date
Present Initial Written Assessment to Panel	10 August 2023
Report Phase Consultation	14 August 2023 – 29 August 2023
Present Draft Modification Report to Panel	14 September 2023
Issue Final Modification Report to Authority	21 September 2023

What is the Self-Governance Criteria?

A Modification that, if implemented:
(a) does not involve any amendments whether in whole or in part to the EBGL Article 18 terms and conditions; except to the extent required to correct an error in the EBGL Article 18 terms and conditions or as a result of a factual change, including but not limited to:
(i) correcting minor typographical errors;
(ii) correcting formatting and consistency errors, such as paragraph numbering; or
(iii) updating out of date references to other documents or paragraphs;
(b) is unlikely to have a material effect on:
(i) existing or future electricity consumers; and
(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
(iii) the operation of the national electricity transmission system; and
(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
(v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

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6 Recommendations

We invite the Panel to:

- **RAISE** this Modification Proposal in accordance with Section F2.1.1(d)(i);
- **AGREE** that this Modification progresses directly to the Report Phase;
- **AGREE** that this Modification:
    - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** an initial view that this Modification **SHOULD NOT** be treated as a Self-Governance Modification;
- **AGREE** that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- **AGREE** an initial recommendation to the Authority that this Modification should be **approved**;
- **AGREE** an initial Implementation Date of:
    - **5 Working Days** following Authority decision;
- **AGREE** the draft Legal Text; and
- **NOTE** 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.

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