Anna Stacey
Head of Settlement Reform
Ofgem
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London
E14 4PU

By email to halfhourlysettlement@ofgem.gov.uk

12 August 2020

Dear Anna,

We welcome the opportunity to respond to your consultation on your draft Impact Assessment for Market-wide Half Hourly Settlement (MHHS).

As you are aware, ELEXON is the Code Manager for the Balancing and Settlement Code (BSC). We are responsible for managing and delivering the services and systems to support the BSC's 'Meter to bank' Settlement process. This includes responsibility for the operation and delivery of balancing and imbalance settlement and the provision of assurance services to the BSC Panel and BSC Parties. Through our end-to-end code management model we manage not just the assessment, but also the identification, specification, development, implementation and operation of changes to central systems and industry processes.

Since 2017, we have provided chairmanship and technical leadership to three industry working groups responsible for developing the Target Operating Model (TOM) for MHHS as part of Ofgem's Significant Code Review: the Design Working Group (DWG), Code Change and Development Group (CCDG) and Architecture Working Group (AWG).

Our full response is attached, but in summary we:

- Are delighted that Ofgem has recognised ELEXON's work by giving its preliminary approval to the DWG's recommended TOM and transition approach in October 2019 and by proposing, through this consultation, to implement MHHS on the basis recommended by the DWG;
- Agree with your proposals to implement MHHS for both import and export at the same time;
- Agree with your proposal to require daily granularity of data for Smart Meter customers who opt out of sharing their Half Hourly (HH) data for Settlement purposes;
- Agree that there could be benefit in a centrally-hosted website to educate consumers on the implications of their data-sharing choices, although we have some reservations and offer some comments on this idea;
- Include comments, questions and suggestions about recording consumer data-sharing choices and providing third-party access to Settlement data for non-Settlement purposes;
- Provide a number of comments on the detail of Ofgem's draft Impact Assessment as it relates to the TOM;

- We believe that ELEXON is best placed to take on the programme management role set out in Ofgem's consultation, because of our role at the centre of the electricity market arrangements and the wealth of technical and project management experience that we have. Since the inception of the electricity market ELEXON, in partnership with industry, has successfully project managed many complex and wide-reaching changes to the arrangements. This includes major initiatives such as the introduction of NETA (the New Electricity Trading Arrangements), BETTA (the British Electricity Trading Arrangements) and more closely related to MHHS, P272 – Mandatory HH Settlement for Profile Classes 5-8. We also have the in depth technical expertise needed as we have led (and continue to lead) the development of the MHHS TOM and its detailed design, architecture and translation into industry codes. We believe this subject matter expertise is key to the successful implementation of MHHS; and
- Feedback from industry on recent developments such as Project NEXUS and the Faster Switching Programme has included an absence of 'critical friend', lack of ownership from start to finish with one body and missing deep technical knowledge, all of which have contributed to increased risks, costs and timescales. We believe all these aspects would be available to industry and Ofgem, if we were to undertake the PM role and are at the core of ELEXON's service model to our customers.

The views expressed in this response are those of ELEXON alone, and do not seek to represent those of the BSC Panel or BSC Parties. If you would like to discuss any aspects of our response, please contact Justin Andrews at justin.andrews@elexon.co.uk, or on 07918 767302.

Yours sincerely,

Mark Bygraves
Chief Executive

Encl. Elexon response to draft Impact Assessment for Market-wide Half Hourly Settlement (MHHS).