

# ELEXON

## CODE CHANGE AND DEVELOPMENT GROUP

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### Recommendations on the Transition to Market-wide Half-Hourly Settlement

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Public

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## Executive Summary

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### 1 Purpose of this document

This document sets out the CCDG's recommendations for the key stages of the MHHS Transition, covering essential pre-migration and migration activities, following consultation in June 2021. The aim of the CCDG's recommendations is to ensure that the transition to MHHS happens as efficiently and smoothly as possible.

These recommendations are in support of the timeline that Ofgem has set out in the [MHHS Decision Document](#) and the defined milestones in the **associated MHHS Transition Timetable** document. Where possible, the CCDG has provided an indicative target date or date range when setting out its recommendations.

The CCDG notes that Transition activities should start as early as possible; the industry will have to bear the cost of supporting dual settlement processes for longer if migrations run beyond **October 2025** (milestone M15). The work to begin the transition to MHHS starts now, and with only a year to migrate between October 2024 and October 2025, the CCDG has set out a recommended approach to spread the work for industry between now and 2024 to mitigate risk.

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### 2 CCDG recommendations for the transition to MHHS

The CCDG's recommendations are summarised below in the order that they were set out in the consultation, highlighting any revisions resulting from CCDG's consideration of the consultation responses.

#### 1. Enabling Registration data and process changes to support the MHHS transition

The CCDG recommends that a subset of the Registration Service data items required for MHHS are introduced before migration commences in October 2024. This is because these items are so critical to the MHHS rules and processes that going live with poor quality data would lead to avoidable time and effort being spent trying to fix issues during the twelve month migration period.

The CCDG proposes that this subset of items is introduced into the existing SMRS systems, in the period between **November 2022** and **February 2023**. These items can be grouped into Distributor mastered and Meter Operator Agent (MOA) mastered data items. Some items can be initially populated by rule using existing data items and others can be populated and amended through modified existing interfaces supported by new processes.

Supplier-mastered data items (Domestic premises indicator and Consent Granularity) should not be required in the initial data population as this data is not required in advance of the migration. With this in mind, the CCDG has reduced the scope of the enabling Registration Service data items to just Distributor and MOA mastered items.

The CCDG accepts that the proposed timescale will be challenging for MOAs, SMRAs and Distributors. Impacts on the industry will be assessed when more detail becomes available. The MHHS Programme will work towards the planned timeline and ensure it provides appropriate support to the industry.

#### 2. Data Cleanse activity for newly introduced Registration Service (SMRS) data items

Once the new registration data items and supporting interfaces and processes have been introduced, the CCDG recommends a period of data cleanse activity from **February 2023** to **October 2024**. This will ensure that the data items that are critical to a successful migration and used in the target state will be as accurate as possible when migration starts in October 2024. This data cleanse activity can run in parallel with other enabling activities.

The successful data cleanse of the **Connection Type** and **Meter Type** data items will allow the early mapping of MPANs to a destination MHHS market segment prior to migration. Therefore, the CCDG agreed that these data items should be prioritised for the data cleansing activity. The CCDG believes it would be beneficial to all parties involved to have certainty as to which market segment each MPAN will be migrating to, which will help with the development and monitoring of migration plans. Market Segment could be pre-assigned at a defined point between **October 2023** and **October 2024** when the source data items have been sufficiently cleansed.

### 3. Obligations to facilitate early HH settlement in the Advanced segment

The CCDG believes that a key enabler of an effective transition for the Advanced segment will be to align the BSC definition of an Advanced Meter with that in the Electricity Supply Licence and to set explicit **HH Settlement and remote communications obligations for CT Advanced Meters** ahead of the migration to MHHS. This will result in an estimated 50,000 CT Meters moving to settle HH via a Change of Measurement Class (CoMC), meaning that all CT metered MPANs will be settled HH before migration of the Advanced segment starts in **October 2024**.

The intent of this approach is to spread out activities, which would otherwise have to be carried out alongside migration, making it more manageable and therefore reducing the risk of missed migration deadlines. This would leave time to resolve 'problem' sites where issues would otherwise delay migration start.

The CCDG recognises that this will have impacts on DUoS, TNUoS and possibly customer contracts. It therefore recommends that the actual CoMC process is carried out as close to April 2023 as possible and that the time from October 2022 to April 2023 was intended to be used for planning and preparatory activities. The six month period from April to October 2023 should be sufficient to CoMC ~50k CT sites. Alternatively the TNUoS charging issue could be resolved via a CUSC Modification similar to arrangements put in place for BSC Modification P272.

### 4. Early introduction of a 'one way gate' to prevent reverse migration in all market segments

The CCDG believes that it would be optimal to remove the possibility of 'reverse migration' (returning MPANs back from MHHS to the current arrangements) by making MPANs in all market segments subject to a 'one-way gate' once the migration phase begins. This would require shortening the Qualification window for Suppliers and Smart and Non-Smart Services such that it completes by **November 2024 (M12)**. The CCDG understands that reverse migration is not intended to be available to MPANs in the Advanced and Unmetered segments, and therefore recommends that the 'one way gate' applies to all market segments from the point migration starts. Ofgem should note that this recommendation should be considered when the MHHS Programme timetable is re-baselined.

### 5. Recommendations for the registration of unregistered export MPANs

The Decision Document notes "Ofgem expects industry to develop a proposal for how best to include mandating the settlement of export in MHHS, and how this can be implemented as part of the industry-led delivery phase. If the proposed solution requires changes to the standard licence conditions, industry can recommend that Ofgem make these changes." The CCDG recognises the need to register FiT registered export for settlement. Where such export is not currently registered for settlement, the CCDG recommends a flexible approach where the export MPAN can be registered before or after the import MPAN is migrated.

The CCDG considered the order in which import/export MPANs need to be migrated. Given that an export supplier needs to appoint the same MOA/metering service as the import supplier, the CCDG expects that the import MPAN will be migrated first. If the import MPAN is migrated prior to registration of the export MPAN then the export MPAN would be set up under the new arrangements without the need to settle, on an interim basis, in the current settlement arrangements. The import/export association should be set at the time the export MPAN is registered.

Where an export MPAN exists in settlement, the CCDG recommends that the export Supplier is notified when the import MPAN has been migrated and is required to migrate the associated export MPAN within 10 working days.

Where an export MPAN is not currently registered for settlement and the customer is registered with a Supplier for the export energy (e.g. FiT), then an export MPAN should be registered in the new trading arrangements within 30 working days of the import MPAN migrating. The CCDG recognises the benefit to improved settlement accuracy where the supplier chooses to register export MPANs sooner and notes that nothing in its recommendation prevents the early registration of an export MPAN.

### 6. Recommendations for coordinating the migration to MHHS

The CCDG recommends that an overall migration plan is set at market level and coordinated centrally, accounting for the capacity constraints of MHHS services and participant/agent systems. In addition to critical Registration (SMRS) and BSC central systems, this will need to consider how many appointments current and MHHS service providers can process and any new contractual agreements that will need to be in place ahead of migration.

Suppliers and other participants should have a degree of flexibility to develop migration plans within these constraints, although the plans will need to ensure that available bandwidth is used as efficiently as possible. To achieve this, the CCDG suggests setting a volume 'band' within which a Supplier can flex its quantity of MPANs migrated within a given time period provided that it does not exceed the upper bound or fall below the minimum needed to keep migration on track.

### 7. Recommendations for the runoff of current settlement arrangements

The CCDG believes that the runoff arrangements should identify where reconciliation runs can be truncated to minimise the need to keep legacy systems running where settlement is sufficiently accurate or where making corrections at later runs is not cost effective. The CCDG believes that a sensible end point could be **February 2026**, which is the R2 run for the last date of migration in **October 2025**, subject to a suitable Trading Disputes process being in place to be able to accommodate the need to make essential corrections during the runoff 'tail'.

This approach will allow Suppliers a sufficient window in which to address migration errors and correct these under the old arrangements, but set a point after which data is effectively 'frozen' in the current arrangements so that the current settlement processes can be closed down as soon as possible after migration. Running two sets of parallel arrangements with supporting systems will add unwanted cost and complexity and should be kept to a minimum.

The CCDG believes that settlement data is unlikely to materially change after R2 if it is effectively 'frozen' on migration, and extra runs would only be needed if there is a significant error. In the case of a material settlement error such as a GSP Group Take volume error, it should be possible for the Volume Allocation Service (VAS) to make the necessary adjustments centrally at R3 and/or RF without Data Aggregators having to resubmit files.

The CCDG wishes to clarify that the runoff recommendation relates to the old settlement arrangements rather than the new MHHS timetable, even though the latter also proposes a target RF at 4 months (today's R2 run). In this respect the number of smart meters compared to non-smart meters should not be a factor.

### 8. A period of mandatory CoMC activity for all NHH UMS MPANs running from October 2023 to October 2024

The CCDG recommends moving NHH UMS MPANs to settle HH between October 2023 and October 2024 to mitigate the risk of not meeting the Transition Timetable set out by Ofgem in its Full Business Case. Early migration will allow time for Customers, Suppliers and UMSOs to address any issues that may arise.

Once migration plans have been completed the Supplier will need to start the CoMC process or register new HH UMS MPANs (depending on the approach being consulted on in Question 8) for the NHH MPANs. Alternatively, the Supplier will need to request new HH MPANs for all (or part) of portfolio, as per the agreed plan.

### 9. CCDG recommendations for performance assurance

The CCDG recommends that the registration item data cleanse activity set out in Recommendations 1 and 2 and the early CoMC activity set out in Recommendations 3 and 8 are subject to performance assurance and monitoring by the Performance Assurance Board (PAB), as it should be seen as an initial stage of a Supplier's migration plan. The Independent Assurance Provider activity under the MHHS Programme should ensure that participants are engaged in the required activity.

The CCDG notes the need to review additional data sources to monitor performance at an industry and party level, to ensure no detrimental impact on data quality. Discussions have noted that the performance assurance framework developed should not discourage migration to the TOM. The Independent Assurance Provider under the MHHS Programme will need to monitor the progress of Recommendation 6 to ensure migration is progressed in a timely and co-ordinated manner and settlement errors are minimised.

The CCDG believes that an incremental approach to Qualification should be considered, utilising (where possible) evidence from the System Integration Testing (reference **TE2**) and Security Framework requirements (**TE12**) within the Qualification process to mitigate any duplication of effort. The CCDG notes that some existing roles will be changing more than others and therefore recommends that the Qualification process for new participants and Requalification of existing participants during the transition period is proportional to the associated settlement risks.

The CCDG recommends that a number of enabling changes are progressed before the full MHHS Design is baselined in 2022 and directed using Ofgem's SCR powers. These changes therefore will need to be raised as soon as possible, ideally before the end of 2021, to allow the required lead time to implement and comply. While predominantly related to BSC obligations, these changes will also impact the Retail Energy Code (REC) and also potentially the Connection and Use of System Code (CUSC). They are to give effect to the CCDG's recommendations 1, 3 and 8 summarised above.

**Recommendation 1** will require changes to the BSC and REC to introduce the new SMRS registration data items and supporting processes to be implemented between **November 2022** and **February 2023**.

**Recommendation 3** will require the introduction as soon as possible of an obligation on Suppliers to ensure that all MPANS with NHH settled CT Advanced Meters are moved to settle HH via the Change of Measurement Class (CoMC) process by **October 2023**. This obligation will be supported by changes to the REC and possibly the CUSC.

**Recommendation 8** will require the introduction as soon as possible of an obligation on Suppliers to ensure that all Unmetered MPANs are settled HH by **October 2024**. This will require changes to the BSC and possibly the CUSC.

*The CCDG therefore is seeking direction from Ofgem on how to progress these recommendations. Ofgem should also note that Recommendation 4 should be considered when the MHHS Programme timetable is re-baselined.*

**Ofgem is requested to consider and direct whether the enabling changes set out in this document should be progressed under existing industry code change processes, directed by the MHHS programme or via an alternative mechanism to ensure that the proposed implementation timetable is met. The relevant recommendations are:**

- **Recommendation 1: Early introduction of new data items into existing SMRS systems, along with supporting processes between November 2022 and February 2023.**
- **Recommendation 3: A period of mandatory CoMC activity for all NHH settled CT Advanced Meters running from October 2022 to October 2023.**
- **Recommendation 8: A period of mandatory CoMC activity for all NHH Unmetered MPANs running from October 2023 to October 2024.**

## Background

Ofgem requested that the [Code Change and Development Group \(CCDG\)](#) undertake an additional piece of work to further develop the Transition Approach that was set out by the [Design Working Group \(DWG\)](#).

Ofgem set the scope of the Transition Approach deliverable as follows:

- Logical ordering of milestones for transition planning and not a detailed implementation plan;
- Understand and agree the industry processes and prerequisites to move each meter type to its target market segment;
- Understand what the constraints and dependencies are and where they occur;
- Scope to include all impacted code processes;
- To include Qualification, Migration and runoff;
- Understand what prerequisites need to be in place to transition registration services to the new arrangements; and
- Pre-migration activities.

CCDG refined the DWG's transition approach to implement Market-wide Half Hourly Settlement and Elexon consulted on this July to August 2021. The CCDG have reviewed their recommendations in light of the consultation responses and their considerations are set out in this document.

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## Introduction

This document sets out the CCDG recommendations on the Transition Approach for MHHS. It should be read in conjunction with the CCDG Consultation document on the Transition Approach which contains additional detail on the CCDG recommendations. This document also sets out the respondents view on the CCDG recommendations and the CCDG discussion on the responses and any amendments agreed following the consultation.

This document does not set out the logical ordering of milestones for transition planning as this was superseded by the MHHS Transition Timetable which was published by Ofgem as part of their [Full Business Case on Settlement Reform](#). However, the CCDG recommendations do include new interim activities to be undertaken in addition to the milestones set out the MHHS Transition Timetable.



## SECTION A - RECOMMENDED PRE-MIGRATION ACTIVITIES

The CCDG supports Ofgem's proposed timeline in their Decision document, and believes that it would benefit from an enabling phase of activities in the period from **November 2022** to **October 2024**. This phase would allow time while new systems and processes are being developed to be used for data cleanse and site based activities. This in turn will minimise underlying data quality issues being revealed during the 12 month migration window and causing delays.

The first such activity is the early introduction of critical Registration Service data items into the existing SMRS systems to allow data to be populated and cleansed without unduly impacting the migration process. The CCDG believes that introducing the essential data items that are the 'building blocks' of the MHHS design in advance will reduce the risk of data inconsistencies being revealed at the point of migration when time is critical. Firstly, to allow sufficient time for data population and cleansing activity to be carried out, and secondly because they will allow every MPAN to be assigned to a market segment in the target state and enable migration plans to be developed on this basis.

The CCDG recommends introducing obligations to require early HH settlement for all Non Half Hourly (NHH) settled MPANs in the CT Advanced and Unmetered segments. Where CT sites are currently being settled NHH, migration can be substantially de-risked by moving these sites to settle HH using the existing Change of Measurement Class (CoMC) process first and then migrating to the MHHS arrangements. In the Unmetered segment there is a need to rationalise MPANs from the current NHH arrangements, and this would be better done using a CoMC process ahead of migration to allow MPANs to be properly tracked through the migration process.

### 1. Enabling Registration data and process changes to support the MHHS transition

#### Recommendation 1: Early introduction of new data items into existing SMRS systems, along with supporting processes between November 2022 and February 2023.

The CCDG notes that all the required Registration Service data items that will be needed for MHHS will be part of the Design Baseline published in **April 2022**. However, it recommends that a subset of these are introduced before migration commences in October 2024. Having these critical data items go live with poor quality data would lead to avoidable time and effort being spent trying to fix issues during the twelve month migration period. The CCDG therefore proposes that a subset of these items are introduced early into the existing SMRS systems, in the period between **November 2022** and **February 2023**.

Some of the new data items proposed for early introduction can be initially populated by a rule that derives a value from existing data items, and the new processes for maintaining them will only be needed to update and make amendments to data items where the currently held value is wrong. Other data items have no existing source to derive values from, and so will require the data item master to populate these values over a period of time. The recommended approach to cleansing this data has been set out in Recommendation 2.

The new data items can broadly be split into Distributor mastered, Supplier mastered and Meter Operator Agent (MOA) mastered items. Each of these data masters already uses an existing interface to update data into the SMRS systems, and so the CCDG recommends that these additional data items are integrated into those interfaces.

The detail of the new data items can be found in the CCDG Transition Approach Consultation.

#### Views of the consultation respondents

##### Do you agree with the CCDG's recommendation for early introduction of the new Registration Data Items and processes using existing interfaces to support migration?

Yes - 15	No - 3	Other - 3
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#### Key themes

- Questions about the timing of Data Integration Platform and processes for populating the new data items;
- Concern around timing of modifications to SMRS as the April 2022 – November 2022 window is too short and conflicts with expected work on Faster Switching.



## Code Change and Development Group

### CCDG discussion on the consultation responses

Supplier-mastered data items (Domestic premises indicator and Consent Granularity) should not be required in the initial data population as this data is not required in advance of the migration. With this in mind, the CCDG proposes to reduce the scope of the enabling Registration Service data items to just the Distributor and MOA mastered items.

CCDG has discussed the proposals further in a subgroup and are continuing to refine the data items which will appear in a subsequent change proposal. During these discussions the subgroup concluded that the MOA mastered data item 'Meter Equipment/Service Location' is not required for smart meters and does not need to be held in SMRS.

Whilst action to populate the new data items should start in November 2022, the target date for completion is February 2023. CCDG believes that the timeframe adequately accommodates requirements to support CSS post go-live.

More detail will be needed for the timing of the Data Integration Platform, but any questions regarding the enduring methods of data population should not affect the CCDG's recommendation. The enabling changes will be implemented as much as possible into existing systems and processes but in a way that will be consistent with the eventual use of these data items in the target state.

The timescale will be challenging for MOAs, SMRAs and Distributors. Impacts on the industry will be assessed when more detail becomes available. The MHHS Programme will work towards the planned timeline and ensure it provides appropriate support to the industry.

**The CCDG has considered the consultation responses and has amended the scope of its recommendation to only the Distributor and MOA items.**

## 2. Data Cleanse activity for newly introduced Registration Service (SMRS) data items

**Recommendation 2: A period of data cleanse activity of registration data items running from February 2023 to October 2024.**

Once the new registration data items and supporting interfaces and processes have been introduced, the CCDG recommends a period of data cleanse activity running from **February 2023 to October 2024**, with a priority on cleansing the data items required for Market Segment allocation by **October 2023**. This will ensure that the data items that are most critical to a successful migration, and used in the target state, will be as accurate as possible when migration starts in October 2024. This data cleanse activity can run in parallel with 'business as usual' and other enabling activities where the updating of the items in Recommendation 1 reveals inconsistencies or inaccuracies

The detail of the data cleanse approach can be found in the [CCDG Transition Recommendations consultation](#).

### Views of the consultation respondents

**Do you agree with the CCDG's recommendation for a period of data cleanse activity of registration data items running from February 2023 to October 2024?**

**Yes - 16**

**No - 2**

**Other - 3**

### Key themes

- Concerns raised were in relation to the proposed timeline for the introduction of the new Registration data items as described under Recommendation 2 and whether that could impact data cleanse activities.

### CCDG discussion on the consultation response

The CCDG agreed the data cleanse activity should start in February 2023 following the implementation of the new Registration data items. A February 2023 implementation would not impact the data cleanse activity. Even in the event of a February 2023 implementation, preparatory work for the initial population of new data items can begin in late 2022. The more complete and accurate the initial population, the less intensive data cleanse will be required.

**The CCDG has considered the responses and maintains this recommendation.**

### 3. Mandating early HH settlement for CT Meters in the Advanced segment

#### Recommendation 3: A period of mandatory CoMC activity for all NHH settled CT Advanced Meters running from October 2022 to October 2023.

The CCDG believes that a key enabler of an effective transition for the Advanced segment will be to align the BSC definition of an Advanced Meter with that in the Electricity Supply Licence and to set explicit [HH settlement and remote communications obligations](#) for CT Metering Systems ahead of the migration to MHHS. In July 2020, the Association of Meter Operators (AMO) identified that this would result in approximately 50,000 CT Meters moving to HH Settlement.

The CCDG also notes that early movement to HH settlement of whole current Advanced Meters would support their eventual migration to the MHHS arrangements. However, this would require further work to understand the impact on Supplier billing and HH agent systems, and may require an interim solution to manage opt-out domestic advanced customers. Suppliers may also prefer to replace some of these meters with Smart meters, which will then be migrated into the Smart and non-Smart segment, and therefore the CCDG has concluded that, while encouraged, early CoMC for WC Advanced Meters should not be a mandatory requirement prior to migration.

The benefit of this phased approach would be to spread work, which would otherwise have to be carried out alongside migration, potentially extending migration over a period longer than a year reducing the risk of missed migration deadlines. This would leave more time to resolve 'problem' sites where issues (physical or data) could delay migration completion. CT Advanced sites are also the larger consuming sites, so early HH settlement additionally will provide benefits to settlement accuracy.

#### The CCDG therefore recommends:

- For *CT Advanced Meters settling NHH*, a period of mandatory CoMC activity running from **October 2022 to October 2023**.
- Where possible, WC Advanced Meters settling NHH are moved to settle HH via CoMC by **October 2024**. This will simplify the migration process but should not be mandated.
- For *all Advanced Meters (CT and WC) settling NHH*, the mandatory CoMC activity should be supported by an obligation to ensure that remote communications are fitted and working, for CT Metered MPANs by **October 2023**, and for all Advanced Meters by **October 2024**.

#### Views of the consultation respondents

##### Do you agree with the CCDG's recommendation to mandate the moving of CT Advanced Meters settling NHH to Half Hourly Settlement using the existing Change of Measurement Class (CoMC) process?

Yes - 15	No - 3	Other - 3
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#### Key themes

- DNOs can and will levy a DUoS excess capacity charge on half hourly settled customers which can discourage consumers migrating to MHHS early;
- Sites that undergo a CoMC within the TNUoS charging year are at risk of being charged as NHH and also being subject to HH charging;
- Suggestion recommending early migration of WC Advanced Meters; and
- A concern was raised about the choice of suppliers if large domestic sites with CT Advanced Meters are moved to settle HH early via CoMC.

## Code Change and Development Group

### CCDG discussion on the consultation response

The DUoS risk can be mitigated by separately proving capacity for use in the DUoS calculations.

The period to April 2023 allows some time to solve the issue around TNUoS. Targeting April 2023 for the CoMC of all CT Advanced Meters further mitigates the risks round TNUoS charging. This issue may be resolved via a CUSC Modification similar to those put in place for BSC Modification P272.

The CCDG notes that there is nothing preventing the CoMC of whole current non-domestic MPANs at the same time as CT MPANs if this would allow for simpler DUoS, TNUoS or customer billing arrangements. Any WC Advanced Meter customers that fall in to this early migration period will be relatively small (below 100KW) therefore this should not be a sufficient reason to delay. It was also noted that TNUoS residual charging allocation in April will be low band as domestic CT and WC will not be anywhere impactful as CT.

Domestic CT Advanced Meters may need to be excluded from the early CoMC mandate if the necessary customer consent is not in place, which will require clarity on the Ofgem Data Access framework for domestic CT Advanced Meters. The CCDG believes that it is the responsibility of Suppliers to ensure that there is no shortage of domestic CT Suppliers at the point these NHH settled CT MPAN are moved to HH and hence Recommendation 3 will not change. .

This recommendation will also seek to align the definition of an Advanced Meter under the BSC with the definition set out in the Supply Licence. The CCDG recommends that the supporting obligation on MOAs to ensure that remote communications are fitted and working for all Advanced Meters is introduced earlier to ensure (subject to all reasonable steps) that this has time to be completed before Suppliers begin the CoMC process in April 2023.

**The CCDG has considered the responses and maintains this recommendation, but notes that ‘a period of mandatory CoMC activity’ commencing in October 2022 includes preparatory work. The actual CoMC event can be timed to occur as close to April 2023 as possible to mitigate risks around TNUoS charging.**

**Alternatively, a CUSC Modification may be required to resolve TNUoS Charging issues.**

SECTION B - RECOMMENDATIONS FOR THE MIGRATION TO MHHS

4. Introduce the ‘one way gate’ from the start of migration to prevent reverse migration

**Recommendation 4: Introduce a ‘one way gate’ from the start of migration to prevent MPANs in any segment moving back to current arrangements once migrated.**

Ofgem's Transition Timeline in the [Full Business Case decision document](#) allows an extra three months for BSC Qualification of Smart Data Services and Suppliers (reference MT6b) ending in January 2025. The migration period for this Market Segment also starts later than the other Market Segments, in November 2024 (reference MT10). The consequence is that there is a three month period where the Central Systems will be ready for migration but some Suppliers, for smart and non-smart Meters, might not have the systems and services in place to accept MPANs under the new TOM. This leads to a three month period where MPANs in the smart and non-smart Market Segment could need to ‘reverse migrate’ back to the current arrangements (e.g. on Change of Supplier).

*The Decision Document refers to a ‘one way gate’ as applying specifically to the Smart and non Smart segment, and considers ‘reverse migration’ as meaning an MPAN moving back to settle under today’s NHH arrangements. The CCDG has deemed that this option is not available at all to MPANs in the Advanced and Unmetered segments, as a portion of these will already be settled HH at the point of migration. However, for the avoidance of doubt, the CCDG is recommending that no segment can revert back to the current settlement arrangements once an MPAN has migrated.*

The CCDG recommend that migrated MPANs should not be permitted to revert to the legacy arrangements due to a number of issues that are set out in the CCDG Consultation document.

Views of the consultation respondents

Do you agree with the CCDG’s recommendation to introduce the “one way gate” from the start of migration (milestone M11 / M12) to prevent MPANs moving back to current arrangements once migrated?		
Yes - 15	No - 3	Other - 3

Key themes

- Non-domestic suppliers experience large volume of CoS at the start of October and introducing the one-way gate at this time would affect ability to onboard customers;
- Concerns were expressed about the number of suppliers who would be Qualified at the start of migration and about exceptions during the migration process.

CCDG discussion on the consultation response

CCDG considered that the timing is appropriate in order to avoid the business to business sales round. All suppliers should be ready for the start of migration and therefore customer choice of supplier should not be limited. Any exceptions during the migration process should be managed under the TOM arrangements. CCDG agreed to keep the recommendation unchanged.

**The CCDG has considered the consultation responses and maintains this recommendation. Ofgem should note that this recommendation should be considered when the MHHS Programme timetable is re-baselined.**

## 5. Recommendations for the registration and migration of export MPANs

**Recommendation 5: Where an export MPAN has already been registered for settlement, the export Supplier will be informed when its associated import MPAN has been migrated and will be required to migrate the export MPAN within [10] WD.**

**Where an export MPAN is not currently registered and a Supplier is paying the customer for export energy, then an export MPAN should be registered no later than [30] WD after the import MPAN migrates.**

The Ofgem Final Business Case decision confirms that MHHS will be introduced for export as well as import MPANs. Subject to Ofgem's consultation on implementation and governance arrangements, this will form part of suppliers' migration plans that will be monitored as part of Transitional Assurance.

The CCDG noted that the obligation on a Supplier to register export related MPANs can only apply where a Supplier already has a relationship with the exporting customer either as their Feed-in-tariff (FiT) export Supplier or if they were the tariff provider under the Smart Export Guarantee (SEG). Where customers have a tariff under the SEG then the Supplier is already obliged to settle the export. However, under the FiT scheme there has not been a requirement to settle smaller exporting customers. There are some 870,000 registered FiT schemes<sup>1</sup> of which it is believed only a few thousand are currently within settlement.

### The CCDG recommends:

- The import supplier will trigger the migration of an import MPAN. Where an export MPAN exists in settlement, the export Supplier will be notified that the import MPAN has been migrated and will be required to migrate the associated export MPAN within [10] WD.
- Where an export MPAN is not currently registered for settlement and but the customer is registered with a Supplier for the export energy (e.g. FiT), then an export MPAN should be registered in the new trading arrangements within [30] WD of the import MPAN migrating. This option should be seen as a 'last chance' backstop. The CCDG recognises the benefit to improved settlement accuracy where the supplier chooses to register export MPANs sooner.

The CCDG acknowledges potential gaps where MPANs may not be captured by either of these recommendations, such as:

- Where an export MPAN is not currently registered and the customer is not being paid for the energy. The CCDG is of the view that this is unlikely to be material as there is a commercial incentive for the customer to be paid for their export if the volume is material.

The CCDG notes that BEIS has begun work on improving the registration of small scale energy assets (including rooftop solar, battery storage, heat pumps and electric vehicle charging points), in order to increase compliance notifications to network companies and to improve the quality of asset data. It is hoped that, in time, this will help reduce the number of exporting assets invisible to the settlement system.

Further detail on the CCDG recommendation can be found in the CCDG Transition consultation document.

### Views of the consultation respondents

#### Do you agree with the CCDG's recommendations for the registration and migration of export MPANs?

Yes - 13

No - 1

Other - 7

### Key themes

- Concern that customers may resist the change from Deemed FiT payments to metered export payments; and
- Concern over the practicality of registering new export MPAN within 30 days of the import MPAN migrating.

<sup>1</sup> [www.ofgem.gov.uk/environmental-programmes/fit/contacts-guidance-and-resources/public-reports-and-data-fit/feed-tariffs-quarterly-statistics](http://www.ofgem.gov.uk/environmental-programmes/fit/contacts-guidance-and-resources/public-reports-and-data-fit/feed-tariffs-quarterly-statistics)

## Code Change and Development Group

### CCDG discussion on the consultation responses

CCDG identified that the FiTs payment would be made and that the FiTs scheme requires actual metered data where available.

**The CCDG has considered the responses and maintains this recommendation, but recognises that there will need to be more discussion on how export/import Suppliers should interact to achieve the 30 WD timescale.**

## 6. Recommendations for coordinating the migration to MHHS

**Recommendation 6: Migration should be coordinated at a market level, to ensure that MHHS services and systems are not overloaded, but should allow some flexibility for parties to plan their own migration within those constraints.**

The CCDG recommends that an overall migration plan is set at market level and coordinated centrally, working within the known capacity constraints of all MHHS services and systems. In addition to Registration (SMRS) and BSC Central Services, this will need to consider how many appointments current and MHHS service providers can process and any new contractual agreements that will need to be in place ahead of migration.

Suppliers will then be able to develop migration plans flexibly within these constraints, although these plans will need to ensure that available bandwidth is used as efficiently as possible. To achieve this, the CCDG suggests setting a volume 'band' within which a Supplier can flex its quantity of MPANs migrated within a given time period provided that it does not exceed the upper bound or fall below the minimum needed to keep migration on track.

The CCDG has suggested some guiding principles to ensure migration is managed proportionately that can be found in the can be found in the CCDG Transition consultation document.

### Views of the consultation respondents

#### Do you agree with the CCDG's recommendations for coordinating the migration to MHHS?

Yes - 16

No - 2

Other - 3

### Key themes

- Concern that there could be competitive pressure for agents working with multiple Suppliers;
- The Electricity System Operator (ESO) should have visibility of NHH to HH plans, with DNO area granularity, as this affects TNUoS tariff setting. They would like to see a plan by December 2021 as the migration of CT Advanced meters is set for October 2022.

### CCDG discussion on the consultation response

CCDG considered that central coordination could ensure that individual parties are not overloaded.

CCDG discussed what data could be made available to the ESO and concluded that the ESO could work with the MHHS Programme to gain access to data to support TNUoS tariff setting, but this may not be possible for October 2022.

**The CCDG has considered the responses and maintains this recommendation.**

## 7. Recommendations for the runoff of current settlement arrangements

**Recommendation 7: Runoff should identify where reconciliation runs could be truncated to minimise the need to keep legacy systems running where settlement is sufficiently accurate or where making corrections at later runs is not cost effective. The CCDG believes that this date should be February 2026, the R2 run for the last date of migration.**



**Runoff** refers to the period during which an MPAN has migrated to MHHS arrangements but is still subject to existing settlement arrangements for settlement dates prior to migration. At market level, it covers the period from when the first migrated MPAN enters its runoff phase to when the last MPAN completes its runoff phase. Runoff will therefore overlap with migration as early movers will be starting runoff while later movers are still migrating. No MPAN can be subject to the new MHHS arrangements and also runoff under the outgoing arrangements for the same Settlement Date.

### The CCDG's recommended approach for Settlement Runoff

The CCDG's preference is for as many MPANs as possible to be reconciled through to RF (14 months) and, once migrated, reconciled through to at least the current R2 run, with Trading Disputes handled by the most appropriate method. The Trading Disputes process should seek to avoid unnecessary re-running of settlement runs to correct low value, long run errors. Truncation of settlement runs at R2 should be supported by a robust analysis of data quality.

This approach will allow Suppliers a sufficient window in which to address migration errors and correct these under the old arrangements, but set a point after which data is effectively 'frozen' in the current arrangements so that the current settlement processes can be closed down as soon as possible after completing migration. Running two sets of parallel arrangements with supporting systems adds unwanted industry cost and complexity and should be kept to a minimum.

*The CCDG believes that runoff should identify where reconciliation runs could be truncated to minimise the need to keep legacy systems running where settlement is sufficiently accurate or where making corrections at later runs is not cost effective. The CCDG believes that this date should be **February 2026**, the R2 run for the last date of migration.*

### Trading Disputes during the runoff period

One area of CCDG concern is how to deal with Trading Disputes during the runoff period where making changes to migrated MPANs will be more difficult. Solutions initially explored to make corrections outside the normal SVA Volume Allocation Run (VAR) process could have impacts on Distributor's ability to recover DUoS, as well as lacking the level of transparency currently provided by the Disputes Process. This question is being considered in more detail by the Trading Disputes Expert Group (TDEG) as part of the [Trading Disputes Technique Review](#) and the CCDG encourages the development of new techniques that could be used to manage disputes during the runoff 'tail'.

Further detail on the CCDG run-off approach can be found in the CCDG Transition consultation document.

### Views of the consultation respondents

Do you agree with the CCDG's recommendations for the runoff of current settlement arrangements?		
Yes - 10	No - 3	Other - 8

### Key themes

- Some respondents do not support cutting short settlement to R2 in February 2026 because need to support NHH settlement of 15% of meters (non-smart). Suggest Reconciliation Run 3 (R3) and a date of April 2026.

### CCDG discussion on the consultation responses

The CCDG believes that settlement data is unlikely to materially change after R2 if it is effectively 'frozen' on migration, and extra runs would only be needed if there is a significant error. In the case of a material settlement error such as a GSP Group Take volume error, it should be possible for the Volume Allocation Service (VAS) to make the necessary adjustments centrally at R3 and/or RF without Data Aggregators having to resubmit files.

The CCDG wishes to clarify that the runoff recommendation relates to the old settlement arrangements rather than the new MHHS timetable, even though the latter also proposes a target RF at 4 months (today's R2 run). In this respect the number of smart meters compared to non-smart meters should not be a factor. The runoff recommendation seeks to establish a calendar date beyond which the obligations on 'old world' agents cease to apply, rather than truncating all settlement runs to R2. MPANs migrated early will be subject to more reconciliation runs than those migrated later.

CCDG agreed not to change the recommendation and agreed to discuss issues relating to Performance Assurance at the next BSC PAB meeting.

**The CCDG has considered the responses and maintains this recommendation.**



## SECTION C - TRANSITION APPROACH FOR UNMETERED SUPPLIES

This section sets out the specific recommendations for Unmetered Supplies (UMS) under the Transition Approach and the approach to migration of UMS MPANs into the Target Operating Model (TOM).

There is an outstanding decision as to whether it is better to use an existing NHH MPAN to move UMS to HH or create a new HH MPAN. Distribution Businesses tend to prefer the NHH MPAN approach and Suppliers and Agents tend to prefer creating a new HH MPAN. Further discussion will be required with interested parties before the approach can be decided.

### Recommendation 8: A period of mandatory CoMC activity for all NHH Unmetered MPANs running from October 2023 to October 2024.

#### Mandating Change of Measurement Class activity for NHH UMS MPANs

The CCDG recommends migrating NHH UMS MPANs early to mitigate the risk of not meeting the Transition Timetable set out by Ofgem in its Full Business Case. Early migration would provide plenty of time for Suppliers and UMSOs to address any customer or contractual relationship issues that may arise.

Once migration plans have been completed the Supplier will need to start the CoMC process for the NHH MPANs. Firstly, the Supplier will need to request new HH MPANs for all (or part) of portfolio, as per the agreed plan.

#### Planning and Preparation for the Adoption of HH MPANs

The industry will need to agree a future date when all new UMS MPANs are to be traded immediately as HH. Qualification/ Requalification of the UMSO and UMSDS cannot begin until both the BSC Central System changes and the new Registration Data items are deployed. The expectation is that these will be available from April 2023 (Ofgem milestones: **DB1 and DB3**). Once deployed the UMSO and UMSDS can commence interfacing and undergo the testing required for the Qualification processes.

#### Transition and Migration Approach

The following sets out the logical ordering of steps and milestones for UMS Migration.

#### Key dates:

- **Feb 2022 (or Jun 2022)** new DTN data flows between UMSO & MA for Summary and Control files implemented
- **From Oct 2022 (or earlier) to Oct 2023** – commercial arrangements agreed between Suppliers and organisations acting as Meter Administrator and UMSDS
- **From Oct 2023 (or earlier) to Sept 2024** – complete NHH to HH CoMC for all UMS MPAN
- **From Oct 2023** all new UMS connections shall be HH from date of connection
- **From Oct 2024 to Sept 2025 (or earlier)** migration of all UMS MPANs to UMSDS under TOM

More details on this recommendation can be found in the CCDG Transition consultation document.

#### Views of the consultation respondents

##### Do you agree with the CCDG's recommended approach for the Unmetered segment?

Yes - 11

No - 2

Other - 8

#### Key themes

- If large inventories, they might not all be updated at the same time - so preference is to use existing MPANs;
- Consideration should be given to commercial implications and customer contracts; and
- Changing between HH and NHH during a TNUoS charging year requires a CUSC modification to avoid the risk of double charging some sites. There will still be similar issues under revised TNUoS arrangements from April 2023 onwards.

## Code Change and Development Group

### CCDG discussion on the consultation response

Suppliers tended to prefer the existing BSCP520 process as it mitigates the settlement risks of incorrect agent appointments and redundant MPANs. It is also tried and tested.

DNOs prefer using the existing NHH MPANs as there is significant work required for the creation of new MPANs. Customers would also need to sign a new UMS Connection Agreement and a new supply contract.

Further discussions will occur to agree on the use of the existing NHH or new MPANs.

**The CCDG has considered the responses and maintains this recommendation.**

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## SECTION D - PERFORMANCE ASSURANCE FOR MHHS

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### Transitional Assurance and Monitoring

The transitional performance assurance framework is being developed with engagement from the Performance Assurance Board (PAB) to agree an approach that aligns to the principles within the [Performance Assurance Framework Review](#). The PAB have agreed to be proactively involved over the next 6 months via a sub group, with input from CCDG delegates.

CCDG discussions to date recognise that Assurance is likely to be split into three key phases:

- **Assurance prior to commencement of migration.** This should consider parties readiness plans, qualification requirements and migration plans, monitor the progress of registration data item population and data cleanse set out in Recommendations 1 and 2, and monitor the CoMC activity in Recommendations 3 and 8.
- **Assurance during migration.** The CCDG notes the need to review additional data sources to monitor performance at an industry and party level, to ensure no detrimental impact on data quality. Discussions have noted that the assurance framework developed should not discourage migration to the TOM. There is a need to monitor the progress of Recommendation 6 to ensure migration is progressed in a timely and co-ordinated manner and settlement errors are minimised.
- **Assurance post migration.** The enduring Performance Assurance Framework will require development during the programme. This will offer an opportunity for industry to work collaboratively to derive new, and revise or decommission existing techniques.

The CCDG has identified that the following areas will be explored during further stages of the MHHS Programme:

- Performance Standards and Liquidated Damages;
- Data Provision and Market Insight; and
- Technical Assurance and Audit.

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### Transition Re-Qualification and Participant Testing

The CCDG believes that an incremental approach to Qualification should be considered, and to utilise (where possible) evidence from the System Integration Testing (reference **TE2**) and Security Framework requirements (reference **TE12**) within the Qualification process to mitigate any duplication of effort.

The CCDG note that some existing roles are changing more than others and this can be illustrated by the following:

- **High Impact Participants** (e.g. Supplier, Registration Service, Smart Data Service): New interfaces involved and specific obligations pending under the MHHS Programme.
- **Medium Impact Participants** (e.g. Advanced Data Service, Unmetered Supplies Data Service): New registration interfaces and security implications of new methods of consumption data transfer/sharing.
- **Low Impact Participants** (e.g. Metering Service, UMSO): Largely an evolution of existing market role, but with a new or enhanced interface with the Registration Service.

## Code Change and Development Group

Therefore the CCDG proposes that the Qualification process for new entrants during the transitional period is proportional to the identified settlement risks.

Further detail on the CCDG considerations around Performance Assurance can be found the CCDG Transition consultation document.

### Views of the consultation respondents

Are there any additional areas that should be considered as part of the next phase of Assurance activities?		
Yes - 10	No - 4	Other - 7

#### Key themes

- Should explore separate performance assurance measures for export;
- Need to engage with REC over MEMs/metering obligations; and
- Use an evidence based approach for each segment. Performance Assurance should be proportionate and targets achievable.

### CCDG discussion on the consultation responses

Consultation responses for this question have been passed to the BSC Performance Assurance Board (PAB).

**The CCDG has not made specific recommendations in this area. The responses for this question have been passed to the BSC Performance Assurance Board (PAB) to consider when determining future assurance.**

**A joint CCDG - PAB working group has been established to develop the CCDG's initial proposals into formal recommendations.**

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## Acknowledgments

The CCDG and Elexon wish to extend their thanks and appreciation to all the members for their efforts and expertise in the successful and timely delivery of the Detailed Design and Recommendations on the Transition Approach over the last two years. We would also like to thank members of the DAB and CCDG Sub-groups for their valuable insights and inputs. Thanks is extend to all of those that responded to our consultations.

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## Attachment A - CCDG Transition Recommendations consultation

## Attachment B - Responses to CCDG Transition Recommendations consultation