

Report Phase Consultation Responses

P423 'Market-wide Half Hourly Settlement (MHHS) Implementation and Governance Arrangements'

This Report Phase Consultation was issued on 24 August 2021, with responses invited by 8 September 2021.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	Role(s) Represented
National Grid Electricity System Operator	NETSO
Northern Powergrid	Distributor
Scottish and Southern Electricity Networks	Distributor
Scottish Power	Supplier, Supplier Agent (not stated)
SSE Energy Supply Limited	Supplier

P423
Report Phase Consultation
Responses

10 September 2021

Version 1.0

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Question 1: Do you agree with the Panel's initial unanimous recommendation that P423 should be approved?

Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	MHHS implementation requires a robust, transparent and coordinated governance framework which is facilitated by P423. We agree that the implementation of P423 will have a positive impact on Applicable BSC Objectives (c) and (d).
Northern Powergrid	Yes	It supports the implementation and governance arrangements of MHHS.
Scottish and Southern Electricity Networks	Yes	P423 appears to be 'fit for purpose' and the documentation shows that all elements were thoroughly discussed and agreed upon by the panel. It will provide a solid framework for the project and details a consultative approach with industry which SSEN welcomes.
Scottish Power	Yes	ScottishPower is in agreement P423 should be approved, this modification will provide the governance framework needed to deliver MHHS IM services under the BSC.
SSE Energy Supply Limited	Yes	Whilst we didn't fully agree with the proposed MHHS implementation and governance arrangements, now that the decision to implement them has been taken, P423 will enable the arrangements to be incorporated within the BSC.

Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P423?

Summary

Yes	No	Neutral/No Comment	Other
4	0	0	1

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	We agree that the proposed legal text changes provide further details on obligations on MHHS programme parties to supplement existing licence obligations relating to Significant Code Reviews. We also believe that the proposed drafting provides clarity on the functions and role of BSCCo in overseeing MHHS implementation.
Northern Powergrid	Yes	The changes will ensure that Elexon can manage the implementation of MHHS successfully.
Scottish and Southern Electricity Networks	Yes	The redlined changes in attachment B are thorough and explicit. SSEN agree with the drafting.
Scottish Power	Comment	Please see the comments provided in the redline changes below for BSC Section C
SSE Energy Supply Limited	Yes	

Question 3: Do you agree with the Panel's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	The governance arrangements should be formally given effect as soon as possible to support the progression of the MHHS programme.
Northern Powergrid	Yes	It allows the governance arrangements to be implemented as early as possible.
Scottish and Southern Electricity Networks	Yes	SSEN has no objections to the implementation date.
Scottish Power	Yes	We agree P423 should be implemented 5WD following authority approval which is to be no later than 30 September 2021.
SSE Energy Supply Limited	Yes	The modification should be implemented as soon as possible to give clarification on the implementation and governance arrangements for the MHHS Programme.

Question 4: Will P423 impact your organisation??

Summary

Yes	No	Neutral/No Comment	Other
4	1	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	<p>The P423 consultation document does not list the NETSO as an impacted party but there are impacts from P423 implementation. We note that the report references the obligation that will be placed on NGESO in our role as code administrator under the CUSC but impacts wider than this should be recognised.</p> <p>NGESO are, and will be, contributing to the MHHS programme and will be a member of the Programme Steering Group and Level 3 MHHS decision-making groups as outlined in Ofgem's MHHS Governance Framework. We also plan to participate in relevant sub-working groups, once established.</p> <p>We use data from central settlement to support effective system operation, and for forecasting, tariff setting and charging purposes, all of which will be impacted by MHHS. We believe that our participation within the MHHS programme is key to delivery of some of the benefits associated with enabling flexibility services and ultimately a decarbonised electricity system. Although these are not direct impacts from this modification, they illustrate the importance of NGESO being involved with the MHHS programme and the need to participate in MHHS governance that P423 will introduce.</p>
Northern Powergrid	Yes	The modification details the requirements Distributors will be obligated to meet.
Scottish and Southern Electricity Networks	Yes	SSEN will be impacted by P423 as it introduces new governance and implementation arrangements that will need to be communicated internally to the MHHS project team to ensure compliance with the change. However this does not introduce any risks or issues.
Scottish Power	Yes	The changes within the BSC document will require ScottishPower to make any necessary changes to

Respondent	Response	Rationale
		ensure we are compliant with the code requirements.
SSE Energy Supply Limited	No	The significant impacts on our organisation will be as a result of the implementation of MHHS rather than P423 specifically.

Question 5: Will your organisation incur any costs in implementing P423??

Summary

Yes	No	Neutral/No Comment	Other
3	2	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	<p>NGESO will incur some costs from the implementation of P423 which relate to the ongoing participation in the MHHS Governance Framework. This is in our role as Electricity System Operator and as code administrator for the CUSC.</p> <p>We will also incur costs from system and process change required as a result of MHHS implementation, but we consider this separate from P423 implementation.</p>
Northern Powergrid	Yes	In the near term no costs will be incurred but in the long term we will be obligated to design, develop and implement system and process changes and bear the associated costs.
Scottish and Southern Electricity Networks	No	As this change is outlining governance and implementation arrangements only SSEN do not foresee any costs associated to its implementation.
Scottish Power	Yes	There will be no initial cost incurred to implementation P423. However, the changes to BSC documents are being codified once they come into effect there will be significant requirements on participants to adhere to them and considerable cost will become realised through the MHHS Implementation.
SSE Energy Supply Limited	No	The significant costs on our organisation will be as a result of the implementation of MHHS rather than P423 specifically.

Question 6: Do you agree with the Panel's initial view that P423 does not impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?

Summary

Yes	No	Neutral/No Comment	Other
4	0	0	1

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	
Northern Powergrid	Yes	
Scottish and Southern Electricity Networks	Yes/No	
Scottish Power	Yes	
SSE Energy Supply Limited	Yes	

Question 7: Do you have any comments on the draft Governance Framework document in Attachment C?

Summary

Yes	No	Neutral/No Comment	Other
2	3	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	No	NGESO responded to the Ofgem consultation which included the Governance Framework document and our feedback has been incorporated in the latest drafting.
Northern Powergrid	No	
Scottish and Southern Electricity Networks	No	SSEN has no further comments currently.
Scottish Power	Yes	Please see comments below
SSE Energy Supply Limited	Yes	We strongly believe that Level 4 meetings should be open to all relevant BSC Parties that wish to attend. This should be able to be accommodated given the developments in virtual meeting and webinar capabilities over the past few years.

Question 8: Do you have any further comments on P423?

Summary

Yes	No
2	3

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	No	
Northern Powergrid	No	
Scottish and Southern Electricity Networks	No	
Scottish Power	Yes	<p>The success of this significant industry development will hinge amongst other things, on Ofgem and the Central programme providing efficient proposals, clearly stated requirements, effective communication with participants and consumers, a robust plan, a cost-effective programme and governance framework which is clear and transparent.</p> <p>The appointment of delegates is ambiguous, constituency representatives are expected to attend all meetings, although they can nominate alternates if they cannot attend for exceptional circumstances (e.g. leave, illness etc). ScottishPower believes the representatives or their alternate must attend, regardless of exceptional circumstances.</p> <p>ScottishPower would like to know how Ofgem will avoid Supplier representation on PSG being skewed to one sector (For example Dom or I&C). Having 4 Supplier representatives provides good coverage of experience and knowledge but splitting them Large, Medium, Small and I&C runs the risk that 3 out of 4 Supplier representatives could be I&C or Domestic. Consider the following potential permutations:</p> <ul style="list-style-type: none">• Large (>90% Dom), Medium (70% Dom, 30% SME), Small (>95% Dom) or

Respondent	Response	Rationale
		<ul style="list-style-type: none"> Medium (>50% I&C), Small (>50% I&C), I&C (100% I&C)
SSE Energy Supply Limited	Yes	<p>On Page 1 of Modification P423 it states that the modification will have a high impact on BSC Parties, BSC Agents and BSCCo. However, in the Impacts and Costs Section of the P423 Modification Consultation it states that the implementation costs on Elexon (not BSCCo) will be very low with no on-going costs, and that there are no specific costs or impacts on other BSC Parties. This is because P423 will only introduce the governance framework that is required for the Implementation Manager and industry to give effect to MHHS, and there will be no impact on parties from P423 specifically. The modification should, therefore, be updated to reflect this actual very low direct impact of P423.</p>

Section C

Respondent	Location	Comment
Scottish Power	12.2.2	"IT System" who's system is it Elexon, Industry or both this needs to be clearly defined.
Scottish Power	12.2.5	<p>More detail is needed to understand what the requirement of a data cleansing are.</p> <p>We previously raised the concern with regards to data cleansing within our response to Market Wide Half Hourly Settlement (MHHS) – Implementation Arrangements in June this year.</p> <p>As is was not clear from the consultation documents and proposed code changes what is meant by "data cleansing" as it does not explain what it will involve or, and who will be carrying it out. ScottishPower expects to carry out data cleansing as part of any system and process change but needs to know as soon as practicable what is intended here in order to determine the impact on our internal MHHS programme. We recognise the data cleansing has been challenging as part of the Switching Programme and would recommend that the exact data items are identified as early as possible to allow all suppliers (including their agents) and distributors to fully assess and understand the impacts on their individual businesses. This would also allow data cleansing to start far earlier, allowing any potential industry process issues to be identified and resolved quickly</p>
Scottish Power	12.4.8	<p>The Authority may, in accordance with the MHHS Governance Framework, determine that an entity other than the current MHHS Implementation Manager from time to time BSCCo is to perform some or all of the roles of the MHHS Implementation Manager (or parts of those roles) (for the purposes of this paragraph 12.4.8, the "Outgoing MHHS Implementation Manager"). In such circumstances:</p> <p>(a) BSCCo the Outgoing MHHS Implementation Manager shall cease to perform the relevant role(s), and the remainder of this paragraph 12 shall be interpreted accordingly;</p> <p>(b) the Outgoing MHHS Implementation Manager and each MHHS Participant shall co-</p>

Respondent	Location	Comment
		<p>operate and provide reasonable assistance in relation to the transfer of functions;</p> <p>(c) BSCCo shall, if so directed by the Authority, contract with and pay the replacement provider of the relevant role(s) on the contract terms directed by the Authority; and</p> <p>(d) the Outgoing MHHS Implementation Manager and each MHHS Participant shall continue to comply with its obligations in respect of MHHS Implementation vis-à-vis the replacement provider of the relevant role(s).</p>
Scottish Power	12.6.2	<p>(d) ensuring that any decisions that will ultimately require modifications to this Code or any other Industry Code are developed and consulted upon in accordance with good regulatory practice Good Industry Practice.</p>
Scottish Power	12.9.1	<p>(a) requiring an MHHS Participant to procure its own independent assurance of its readiness to meet specified programme milestones:</p> <p>Independent assurance is undertaken by Moorhouse for Faster Switching – Moorhouse are appointed by the DCC on Ofgem’s instructions and can provide an independent view, which can then be used by Ofgem to compare each party’s readiness on a comparative basis. Should MHHS participants be required to appoint individually, the peer comparison element will be lost. It might be that results cannot be shared. We have seen examples of the independent assurance provider challenging individual suppliers on their own status assessment. Our preference would be for the industry to appoint an independent assurance provider.</p> <p>(b) requiring a statement by an MHHS Participant signed by one or more board directors (or, if the MHHS Participant is not a company, an equivalent representative) regarding the MHHS Participant's readiness to meet specified programme milestones, accompanied by the evidence they have relied upon to make that statement.</p> <p>This requirement is too onerous, particularly when participants are required to undergo self-assurance reporting. It is also unnecessary, as it is part of the roles of both the Independent Assurance Provider and the Programme Party Coordinator to assess</p>

Respondent	Location	Comment
		<p>participants' readiness to achieve key programme milestones and enter and exit testing phases. Their assessments of readiness should be sufficient.</p> <p>As part of the Faster Switching Programme we are independently assessed, we are not requested to obtain director sign-off. As part of our own internal process, we do obtain approval of any self-assessments provided to Ofgem by the management team, however, that is not shared.</p> <p>If we were doing the assurance piece independently, we would expect this activity to be covered by the assurance provider appointed by SP.</p> <p>Peer comparison will be missing from this process should Ofgem progress with the idea that suppliers should procure this service independently e.g. some providers may take a firmer view and others more lenient. How will this inconsistency in application be addressed?</p>
Scottish Power	12.10.5	<p>(b) managing and giving effect to the assurance principles and mechanisms set out in the MHHS Governance Framework;</p> <p>(c) where there are disagreements between the MHHS Implementation Manager and MHHS Participants, or between the MHHS SRO and the Programme Steering Group in relation to MHHS Implementation, providing an independent assessment of the issue and recommendations for resolution, including to escalate for Ofgem intervention if appropriate;</p> <p>(d) delivering independent assurance reporting to the MHHS SRO, to the MHHS Programme Steering Group and to the Authority in relation to MHHS Implementation;</p> <p>(f) Ensuring that there is independent assurance of compliance with the MHHS ISMS; and</p> <p>(g) Identifying and reporting to the Authority on conflicts of interest, including issues relating to BSCCo's separation of its roles of MHHS Implementation Manager and MHHS Participant in accordance with the MHHS Governance Framework.</p>

Respondent	Location	Comment
Scottish Power	12.12.1	<p>d) insofar as reasonably practicable refrain from any action which would compromise or unduly delay MHHS Implementation;</p> <p>(e) comply with its obligations under the MHHS Governance Framework;</p> <p>...</p> <p>(h) insofar as reasonably practicable comply with the Authority's directions from time to time relating to MHHS Implementation;</p>
Scottish Power	12.12.3	<p>they must provide all information and access reasonably required by the MHHS SI, co-operate with the MHHS SI as reasonably required, and act in accordance with the reasonable instructions of the MHHS SI.</p> <p><u>BSC Paragraph 12.12.4(a)</u></p> <p>insofar as reasonably practicable, they must comply with their obligations under that plan;</p>
Scottish Power	12.12.4	<p>Each MHHS Participant is required to comply in so far as reasonably practicable with the assurance processes applied by the MHHS Independent Assurance Provider in accordance with the MHHS Governance Framework, and BSCCo shall (insofar as within its control) give effect to any decisions of the MHHS Independent Assurance Provider.</p>
Scottish Power	12.12. 5	<p>(a) insofar as reasonably practicable, they must comply with the MHHS Defect Management Plan;</p> <p>(c) they must ensure that any defects it identifies are resolved in so far as this is within its control in accordance with the MHHS Defect Management Plan.</p>
Scottish Power	12.15.1	<p>Is this wording correct now MOA are covered under the REC otherwise you would have to qualify in two places?</p>
Scottish Power	12.15.2	<p>Is this wording correct now MOA are covered under the REC otherwise you would have to qualify in two places?</p>
Scottish Power	12.17.4	<p>Each MHHS Participant is required to comply in so far as reasonably practicable with the assurance processes applied by the MHHS Independent Assurance Provider in accordance with the MHHS Governance Framework, and BSCCo shall (insofar as</p>

Respondent	Location	Comment
		within its control) give effect to any decisions of the MHHS Independent Assurance Provider.
Scottish Power	12.19.1	<p>(a) Advanced notice of any increase/decrease in the budget needs to be communicated with the Industry on a quarterly basis</p> <p>(b) Need's to be clear and transparent</p> <p>(c) Representations and written explanations to be published in a central location</p> <p>Suppliers will need to monitor and track monthly the cost they will be expected to pay as a result of this programme. Any cost to the Industry is very important and the SRO should be tracking and make visible to all Suppliers the actual and forecasted <u>total</u> of central costs, central programme, central systems and DCC cost that Suppliers will be expected to pay on a monthly basis.</p>