

To whom it may concern

Response to P423 – MHHS Implementation and Governance

Thank you for the opportunity to respond to Modification P423 (Market-wide Half Hourly Settlement (MHHS) Implementation and Governance arrangements). This response is from Elexon as Programme Manager of the MHHS Programme.

As you will be aware Elexon has been working with Ofgem on the development of the proposed governance arrangements for the MHHS Programme and has been setting up the arrangements to support the industry through the overall programme management of the programme. The MHHS Programme has been reviewing the proposed legal text for the Modification and there are three points that we would like to make, as we believe it would be beneficial to have more clarity in the legal text.

Firstly we would propose that there is a need to ensure that the legal text recognises that both the BSC Panel and the MHHS Programme Steering Group (PSG) will be able to make representations to the budget/business plans, but that neither of these bodies has any greater weight of opinion than the other. The BSC Panel already has rights under the BSC to consider the budget/business plan and make comment. We would therefore propose that a legal review is undertaken of the legal text to ensure that the existing rights of the BSC Panel are retained, whilst the new rights for the PSG are also established, but that neither has any more weighting than the other. Ultimately it is for the Elexon Board to consider all comments received from the BSC Panel and any other party and determine approval of the budget/business plan in light of comments received.

Our second point is that it would be beneficial to clarify the nature of the relationship that the Board wishes to have with the Independent Assurance Provider (IAP), in that the relationship will be one of co-operation to ensure that the programme remains on track. To that end in clause 12.4.3 we would propose that the words “the Board and the IAP shall meet as necessary” are added to highlight that the Board will not only receive reports from the IAP, but will also have discussions with the IAP with the objective of running a successful programme and having the ability to discuss and understand any challenges or issues that might arise. Similarly we would envisage the IAP and the IM will discuss the publication of reports to ensure that the IM is aware of any concerns that the IAP has at the earliest opportunity. We do not believe that this needs to be catered for in the legal text, but that this is something to be outlined in the contract with the IAP when it is let.

Finally there is a statement in the legal text that says that BSCCo IM responsibilities “shall include.... (d) ensuring the efficient, economical and coordinated design, build, testing, delivery of efficient, economical, co-ordinated and secure IT systems and business processes for MHHS Implementation across all MPs” – we do however believe that this should say “take reasonable steps to ensure”. This is because IM has no means of ensuring these activities for the market participants.

I trust that you find these comments helpful. If you wish to discuss them please get in touch with myself or Chris Welby in the MHHS Programme team.

Yours sincerely

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Executive Sponsor of the MHHS Programme, Elexon