

## Market-wide Half Hourly Settlement (MHHS) Committee Terms of Reference

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### 1. Purpose

- 1.1 Following a decision by Ofgem on 20 April 2021, the BSC requires Elexon to act and perform the MHHS Programme Implementation Manager (IM) roles, including the Senior Responsible Owner role (SRO).
- 1.2 Save as set out in the Separation Solution (implemented as a requirement of the BSC and the MHHS Governance Framework), the Elexon Executive Team is not permitted to oversee the performance of Elexon's MHHS Programme IM roles. The Elexon Board is required to maintain oversight over the MHHS IM and monitor and manage its performance. Further, it must ensure that Elexon maintains the service providers and personnel with the necessary qualifications and experience, IT systems and facilities necessary to enable it to perform its role as MHHS IM, as well as ensuring separation of MHHS IM resources and infrastructure and that an account is kept of costs, expenses and liabilities.
- 1.3 Consistent with the business Separation Solution, this committee is responsible for providing Board level oversight and scrutiny of the operational performance of, and support and assistance to, the MHHS Programme IM, to report progress to the full Board, and to make recommendations to the full Board in relation to matters that are reserved to the Board.
- 1.4 In fulfilling its duties, the committee is authorised by the Board to carry out the duties set in these Terms of Reference.

### 2. Proceedings of the Committee

<b>Chair</b>	The Board shall appoint the Chair of the committee. In the absence of the Chair, the remaining members present shall elect one of themselves to chair the meeting.
<b>Secretary</b>	The company secretary or their nominee shall act as the secretary of the committee.
<b>Membership</b>	The committee membership shall be comprised only of Elexon directors. The majority of the committee shall be Non-Executive Directors. The Chief Executive Officer shall also be a member of the committee.
<b>Quorum</b>	Two directors.
<b>Attendees</b>	Only members of the committee have the right to attend meetings. The committee may invite other non-members to attend and shall have the power to require attendance by Elexon personnel involved in the MHHS Programme IM.
<b>Frequency</b>	The committee shall meet as regularly as it considers necessary but no less than four times per annum.
<b>Notice</b>	Unless otherwise agreed, the agenda and papers should be circulated at least five days prior to the meeting.

<b>Authority</b>	<p>The committee is authorised by the Board to investigate any activity within these terms of reference and, within its scope of responsibilities, to seek any information it requires and to ensure the attendance of management representatives at meetings as appropriate.</p> <p>The committee has the authority to obtain outside legal or independent professional advice, including, for the avoidance of doubt, independent assurance reports.</p>
<b>Information</b>	<p>The committee is authorised to request and receive:</p> <ul style="list-style-type: none"> <li>- all information that it reasonably requires in order to exercise its proper oversight of the performance of the MHHS Programme IM subject to Section C12.4.3 of the BSC Framework ;</li> <li>- all information and data that is available to all Programme Participants</li> </ul>
<b>Reporting</b>	<p>The Chair of the committee will provide a verbal report on the activities of the Committee to the Board following each meeting of the committee.</p> <p>The committee will include a report of its activities in the Annual Report.</p> <p>The committee shall, at least once a year, review its own performance and regularly review its terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.</p>
<b>Documentation</b>	<p>Minutes to be kept and filed by the secretary to the committee.</p>

### 3. Duties

3.1 Subject to section 4, the committee shall:

3.1.1 Monitor and provide oversight of the matters under Elexon's control relating to the operational performance of the MHHS Programme including:

- a) The performance of the MHHS Programme IM as per the responsibilities detailed in BSC Section C including:
  - i the status of the MHHS Programme against milestones, objectives, KPIs etc.;
  - ii any issues or risks relating to the performance of the MHHS Programme IM or the delivery of the MHHS Programme by the MHHS Programme IM; and
  - iii oversight of stakeholder management including the resolution of any complaints, issues or risks raised by Ofgem, the MHHS Programme Steering Group (PSG), Independent Assurance Provider (IPA) or MHHS Programme Participants relating to the performance of the MHHS Programme IM.
- b) The performance of the MHHS Programme's service providers and personnel including:
  - i monitoring whether the MHHS Programme IM is maintaining the service providers and personnel (with the necessary qualifications and experience), IT Systems and facilities necessary to enable it to perform its role as MHHS Programme IM;
  - ii monitoring and providing oversight of significant disputes with material service providers including approving any decisions to terminate material service provider contracts in whole or in part and any significant financial settlements agreed with material service providers;
- c) Monitoring the financial performance of the MHHS Programme IM.

3.1.2 Monitor and provide oversight of the MHHS Separation Solution requirements including:

- i ensuring that the MHHS Programme IM resources and infrastructure are sufficiently separated from those used by Elexon as a Programme Participant; and
- ii resolving any issues or disputes arising from the requirements of the Separation Solution;

3.1.3 Be authorised to obtain legal advice (independent or in house) on issues relating to the interpretation of the Separation Solution;

- 3.1.4 Keep under review whether the Separation Solution is still fit for purpose for possible discussion with Ofgem;
- 3.1.5 Provide support and assistance on those matters that relate to the performance of the MHHS Programme IM, the Separation Solution and the financial position of the MHHS Programme IM;
- 3.1.6 Ensure that the MHHS Programme IM prepares and makes available to the Panel and to the MHHS PSG regular reports in respect of BSCCo's activities as MHHS Programme IM, and the costs incurred as the MHHS Programme IM;
- 3.1.7 Approve investments, contracts or contract changes, in each case in relation to the MHHS Programme IM roles, in excess of the amounts delegated under the Delegated Signing Authority Policy approved by the Board from time to time;
- 3.1.8 Approve the appointment and removal of the MHHS Executive Representative and the MHHS Programme IM Senior Team;
- 3.1.9 Monitor the financial performance of the MHHS Programme IM;
- 3.1.10 Be able to commission and receive regular assurance reports from the IPA ensuring that an appropriate level of assurance is in place. This can also include requesting attendance at the committee by the IPA;
- 3.1.11 Make representations to Ofgem, the PSG or IPA in relation to matters, which are impacting the performance of the MHHS Programme (e.g. the performance of Programme Participants);
- 3.1.12 Monitor and provide oversight that appropriate action is being taken to maintain the on-going engagement of key internal and external stakeholders, whilst ensuring that the voice of industry stakeholders is being considered within the design and delivery of the MHHS Programme; and
- 3.1.13 Make recommendations to the Board in relation to items that fall within the Board's reserved matters.

#### **4. Exclusions**

- 4.1 The Committee shall not:
  - 4.1.1 Exercise any monitoring or oversight of Elexon's role as an MHHS Programme Participant (which will be performed by the Transformation Committee and, where relevant, the full Board);
  - 4.1.2 Seek to make decisions in relation to the MHHS Programme's priorities, risks and issue mitigation, change requests (pursuant to the MHHS Governance Framework Governance Change Process), timelines, incentives or penalties in relation to the performance of other Programme Participants;
  - 4.1.3 Seek to make changes to the MHHS business case, MHHS expected outcomes or MHHS Target Operating Model;
  - 4.1.4 Seek to influence the decisions in relation to the matters set out above other than through representations made through the designated MHHS Governance Framework processes to Ofgem, the PSG, the IPA or any decision making body described in the MHHS Governance Framework; and
- 4.2 Approval of the annual MHHS budget will be a matter for the Board.

#### **5. Efficient Decision Making**

- 5.1 Any matter that these Terms of Reference require to be recommended to the Board for its approval may be decided by a meeting of the committee where any remaining (non-conflicted) directors of the company are in attendance and are invited to vote on such matter.