

Decision

Implementation Arrangements for Market-Wide Half-Hourly Settlement: Decision Document

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On 23 April 2021 we published a consultation on implementation and governance arrangements for the industry-led introduction of Market-wide Half-Hourly Settlement (MHHS). The consultation closed on 25 June 2021.

We sought views on questions about the obligations that should be placed on parties, the governance, independent programme assurance and Ofgem's role. This decision document summarises respondents' views. It also set out and explains the policy decisions we are making in the light of that feedback. We received 26 responses and have published the non-confidential ones on our website.

We believe the decisions set out in this document provide a robust basis for implementing MHHS. We are working with the relevant code bodies and other stakeholders to ensure that the proposed changes to codes and licences can come into effect in the autumn of 2021. We are also working with Elexon to ensure an orderly transition to this new phase of the Programme. Ofgem will, however, retain overall accountability for MHHS as Programme Sponsor and will intervene if we consider it necessary to ensure that the implementation programme remains on track.

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Executive summary

Context

On 20 April 2021, we published our decision to implement Market-Wide Half-Hourly Settlement (MHHS). In our Decision Document, we stated that Elexon would be the Senior Responsible Owner (SRO) for MHHS implementation. On 23 April 2021, we consulted on the governance and implementation proposals to support the industry-led delivery of MHHS.

Obligations on parties

In the consultation document we set out the obligations that we proposed to place on parties (including Elexon, the Data Communications Company (DCC), electricity suppliers, electricity distributors, supplier agents, Code bodies and other third parties), through code and licence changes, to comply with the MHHS implementation. We invited views about whether the obligations were well defined and appropriate for each party type and sufficient - in conjunction with existing licence duties to cooperate with the implementation of a Significant Code Review - to secure the timely and effective implementation of MHHS. Most respondents agreed that they were, subject to there being a truly independent Independent Programme Assurance provider given a clear mandate to monitor conflicts of interest.

Some respondents sought greater clarity over compliance and enforcement arrangements, including the role of the Balancing and Settlement Code (BSC) Panel and Performance Assurance Board (PAB). There will of course be an important role for the BSC Panel and the PAB in determining whether parties have qualified under MHHS and in the migration of MPANs onto the new settlement arrangements. Otherwise, though, we continue to believe it is important for the programme progress to be managed within the programme. We expect the MHHS Implementation Manager to support all parties to comply with the obligations, supported by the Programme Party Coordinator and the Independent Programme Assurance provider as appropriate. We believe we have outlined effective incentives to encourage parties to comply with their MHHS obligations.

We received a number of suggestions to help clarify and otherwise improve aspects of the drafting (for example to ensure they deliver the policy intent set out in our consultation). We have considered and incorporated these as appropriate into the legal text. Appendix 1 contains a full list of the comments made on the BSC drafting together with our explanation of how they have been addressed. Appendix 2 contains a table showing the changes we have made to the proposed BSC legal text published in our consultation. We have

separately published the BSC legal drafting, redlined to show the changes against the version published in our consultation.

Governance structure

In April we proposed a governance framework for MHHS Implementation and explained the decision-making structure. We confirm that the structure will be substantially as proposed. We have made some changes to the membership of the Programme Steering Group (PSG). These include increasing supplier representatives to four and requiring that at least one of the supplier agent representatives should be nominated by independent supplier agents.

We expect the MHHS Implementation Manager to ensure that all governance groups operate on the basis of early and inclusive consulting on the issues, with representatives proactively seeking input from their constituents. All governance group chairs should attempt to seek decisions by consensus wherever possible. All decisions should be clearly explained, especially where they deviate from the majority view or from a relevant recommendation of the Independent Programme Assurance provider. High standards of consultation should reduce the likelihood of challenge. However, parties that feel a decision is not acceptable can raise the matter with the Independent Programme Assurance provider, which may refer the matter to Ofgem if relevant thresholds are met.

Appendix 3 contains a table showing the changes we have made to the proposed Governance Framework published in our consultation. Alongside this decision document we are publishing the proposed BSC and other code changes, and the intended Governance Framework for implementation, redlined to show changes to the version we published in our consultation. The code changes and Governance Framework reflect the policy decisions taken in this document. Once the code changes are made, we will formally designate the Governance Framework.

Independent Programme Assurance

In the consultation we stated that we intended to procure independent programme assurance. All respondents agreed that robustly independent programme assurance was critical to the success of the programme. We consulted on a set of principles that would have to be met by the Independent Programme Assurance provider ('the IPA'). Most respondents agreed that the proposed principles were sensible but several said there ought to be more explicit emphasis on cost control. This has three aspects.

So far as the costs of providing independent programme assurance are concerned, we are tendering competitively for this service and will select the bidder that appears to represent best value for money in providing the services we think the programme will reasonably need. So far as central programme costs are concerned, we have decided to amend the BSC to require the MHHS Implementation Manager to ensure that these costs are economically and efficiently incurred. The Programme Steering Group will have the opportunity to scrutinise the annual central programme management budget and make representations to the MHHS Implementation Manager about it. The MHHS Implementation Manager will be required to take the representations into consideration when finalising the budget, and to respond to the Programme Steering Group. Finally, so far as whole programme costs are concerned, control will be exercised through the change management process. This process requires change proposals to be subject to impact assessment across all programme participants. Ofgem will be responsible for decisions where the estimated one-off and/or cumulative cost impact exceeds the thresholds for our intervention.

We consulted on the basis that, while Ofgem would procure the independent assurance, Elexon as the SRO would manage the contract with the provider on a day-to-day basis. Several respondents stated that the SRO should not manage the IPA contract. We have considered those responses very carefully. Our aim is to delegate as much of the contract management of the IPA to Elexon as is consistent with ensuring that the IPA is, and is seen to be, truly independent. We are continuing to work to ensure that the allocation of contract management responsibilities is clear. We will confirm how this will work as we go through the process of tendering for independent programme assurance.

Elexon must produce a separation plan which Ofgem must approve. We have also introduced some further detail on the required separation arrangements into the BSC drafting. Beyond that, we will place a general duty on the IPA to monitor and report on the effectiveness of Elexon's internal separation arrangements and on any conflicts of interest that may arise. We expect this to ensure that the necessary separation is implemented and maintained. Our power of direction in relation to the programme will include the power to direct Elexon to make changes to these arrangements if we consider them necessary. More generally, throughout the implementation programme, the IPA will report to Ofgem, the SRO and the Programme Steering Group. Draft reports will be sent to all three bodies simultaneously so that they will be equally well-informed about any potential concerns the IPA might have about any aspect of the MHHS implementation programme. We will also ensure that the Elexon Board are able to get reports from the IPA on the performance of the SRO and Implementation Manager, including the Lead Delivery Partner, to enable them to ensure that their duties on MHHS Implementation are being discharged effectively.

These assurance principles and measures are intended to give confidence to Ofgem, the SRO, the Programme Steering Group and all programme parties that the programme is being set up for success and will be well managed. Ofgem will procure the independent assurance function in accordance with these principles and measures.

Ofgem's role

We proposed that Ofgem should be Programme Sponsor with an ability, where certain thresholds were met or where the Independent Programme Assurance provider had recommended that an issue be referred to us, to take decisions and/or direct other parties to take action. This included a power to direct that another body take over provision of central programme functions, for example if we consider it necessary to keep the MHHS programme on track. Respondents agreed that Ofgem should be able to intervene in these ways. We therefore confirm our decision to proceed on that basis. Ofgem will always aim to respond promptly when any decisions are referred to us. We will work with the SRO to agree a suitable framework, including Service Level Agreements where appropriate, to ensure that Ofgem is able to take properly informed decisions without delaying the programme.

We also sought views on the criteria and thresholds for intervention. Most respondents thought our proposals were sensible and sufficient. A number of respondents raised issues that we consider are already included within the proposed thresholds. Several respondents suggested lowering the cost threshold. We have decided to retain the cost thresholds we proposed but we will ensure periodic review of the thresholds by the IPA. We will develop this during the procurement process.

Next steps

This document constitutes our decision on the MHHS implementation arrangements. We will progress the associated code changes via the SCR 'Option 3' process. We will present the code changes to the relevant code panels (or parties as appropriate) so they can make recommendations. We will then make final decisions on the code changes and state when they are to come into effect. We expect the code changes will come into effect in the autumn of 2021. For the BSC, we expect the preparation of the Modification Report to occur in August and the submission of the Report to the Authority in September. Our desired target for the Authority decision is 30 September. Separately, we have issued a final decision on changes to the Smart Meter Communication Licence to require the DCC to

comply with the MHHS implementation provisions in the BSC.¹ This licence change takes effect on 6 October 2021.

As part of the decision in April to proceed with an industry-led MHHS programme, we published a baseline transition plan. We stated that, once all the central programme parties had been procured and were in place, the SRO would carry out a rebaselining exercise to ensure that the transition plan remained realistic and robust. We said this exercise would occur in October 2021. Respondents noted that it might be better carried out once the full design is complete. This was echoed in discussions with MHHS Programme². We agree, and we now expect the SRO to carry out this exercise in the spring of 2022. The SRO will of course consult stakeholders before setting a firm date for the rebaselining.

The Code Change Development Group (CCDG) is currently developing the detailed design arrangements for MHHS. After consultation, the CCDG expects to set out the final redlined code changes in April 2022. At that point, we expect to have requested that BEIS trigger our powers under the Smart Meters Act 2018 to make these code modifications. However, the Electricity Settlement Reform Significant Code Review remains open and we can use that process instead to ensure the necessary changes are made.

Through this suite of changes, we are creating a clear and comprehensive framework for engagement with MHHS Implementation. Licensees are already under a duty to cooperate with the implementation of a SCR and this ongoing obligation will fill any gaps that might emerge in the more detailed framework. We expect all parties to allocate the resources needed to engage effectively with the work of the SCR. This will ensure timely and robust delivery of MHHS, in turn facilitating the energy transition and bringing significant benefits to GB consumers.

¹ See Ofgem's [Decision on Statutory Consultation on proposed changes to Licence Condition 21 of the Smart Meter Communication Licence](#), August 2021.

² This is the MHHS implementation manager function within BSCCo.

1. Introduction

Context and related publications

- 1.1. Ofgem is committed to paving the way for the energy sector to decarbonise.³ We need to make sure this happens at the lowest cost to consumers. Smart meters and elective half-hourly settlement (HHS) already enable suppliers to offer innovations, like time of use (ToU) tariffs, which can be combined with storage and electric vehicle (EV) smart charging, encouraging more flexible use of energy.
- 1.2. Market-wide half-hourly settlement (MHHS) will ensure that electricity suppliers and other retailers face the true costs of serving all of their customers, further incentivising the development and offering of new tariffs and services. The evidence suggests MHHS is necessary in order to achieve full consumer benefits, which would not be realised to the same extent under elective HHS. We estimate that MHHS will save consumers £1.6 billion to £4.5 billion by 2045.⁴
- 1.3. Introducing MHHS is a key building block for our Decarbonisation Action Plan and the joint Ofgem/BEIS Smart Systems and Flexibility Plan.⁵ With other reforms, such as those to the access and charging arrangements, and network tendering for flexibility services, MHHS is expected to enable system-wide benefits by incentivising more efficient use of existing and future electricity infrastructure. This would, for example, help integrate intermittent renewable generation and reduce the need for expensive new investment.

Our decision making process

- 1.4. In January 2021, we consulted on the principles⁶ that we believed should inform the implementation of any future decision by Ofgem to pursue MHHS. In April 2021, we published our decision⁷ to proceed with an industry-led implementation of MHHS.

³ See Ofgem's [Decarbonisation Programme Action Plan](#), February 2020. The plan sets out the initial actions required on the journey towards achieving net zero by 2050.

⁴ See our [MHHS Final Impact Assessment](#), April 2021.

⁵ See [Transitioning to a net zero energy system - Smart Systems and Flexibility Plan](#), July 2021.

⁶ See our [Consultation on Programme Implementation Principles](#), January 2021.

⁷ See our [MHHS Decision Document](#), April 2021.

- 1.5. In April 2021, we also consulted on detailed proposals for implementation, including the governance arrangements.⁸ In that document we summarised the responses to the January 2021 consultation and set out how that feedback had influenced our thinking. We also sought views about the obligations to be placed on parties, the governance structure, independent programme assurance and Ofgem’s role.
- 1.6. The present document summarises the views expressed by respondents to our April consultation and sets out and explains our policy decisions arising from it. As noted above, it also flags our expectation that the SRO will carry out the transition plan rebaselining exercise in spring 2022.
- 1.7. All the non-confidential responses that we have received throughout this process are available on our website.⁹

Related publications

- 1.8. Publications related to this document are as follows:
- Ofgem’s [Update - Electricity Settlement Reform Significant Code Review: Authority-Led Code Modification Proposals](#), August 2021¹⁰
 - Ofgem’s [Decision on Statutory Consultation on proposed changes to Licence Condition 21 of the Smart Meter Communication Licence](#), August 2021
 - BEIS-Ofgem [Transitioning to a net zero energy system - Smart Systems and Flexibility Plan](#), July 2021
 - Ofgem’s [statutory consultation on a proposal to modify the Smart Meter Communication Licence](#), May 2021
 - Ofgem’s [Consultation on MHHS Implementation and Governance Arrangements](#), April 2021
 - Ofgem’s [MHHS Decision Document](#), April 2021
 - Ofgem’s [Full Business Case](#), April 2021
 - Ofgem’s [MHHS Final Impact Assessment](#), April 2021
 - Ofgem’s [Forward Work Programme 2021/22](#), March 2021

⁸ See our [Consultation on MHHS Implementation and Governance Arrangements](#), April 2021.

⁹ See Ofgem’s website for the [non-confidential responses](#), August 2021.

¹⁰ Not available at the time this Decision Document is being published, but planned to be published shortly.

- Ofgem’s [consultation on programme implementation principles](#), January 2021
- Ofgem’s [Open letter on access to data for settlement and forecasting purposes](#), April 2020
- Ofgem’s [Decision letter on access to data for settlement purposes](#), June 2019
- Ofgem [Electricity Settlement Reform Significant Code Review launch statement](#), July 2017.

Your feedback

1.9. Consultation is at the heart of good policy development. We are keen to receive your comments about this report. We’d also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Are its conclusions balanced?
5. Did it make reasoned recommendations?
6. Any further comments?

Please send any general feedback comments to Half-HourlySettlement@ofgem.gov.uk.

2. Obligations on Parties

Section summary

This section confirms that we intend to place obligations on parties (including Elexon, the Data Communications Company (DCC), electricity suppliers, electricity distributors, supplier agents, Code bodies and other third parties), through code changes, to comply with MHHS implementation. We are also modifying the DCC's licence to require it to comply with the MHHS implementation provisions in the BSC.

The MHHS Implementation Manager will support all parties to comply with these obligations, assisted by the Programme Party Coordinator and the Independent Programme Assurance provider as appropriate. In line with the BSC, the BSC Panel and the Performance Assurance Board will determine whether parties have qualified under MHHS and have a role in ensuring that MPANs are migrated to the new settlement arrangements.

In response to detailed comments we have made a number of changes to the legal text. Appendix 1 contains a full list of the comments made on the BSC drafting together with our explanation of how we have addressed them. Appendix 2 contains a table showing the changes we have made to the proposed BSC legal text published in our consultation. We have separately published the BSC legal drafting, redlined to show the changes to the version on which we consulted.

Questions

Question 1: Do you agree that the balance of the duty to cooperate in licences and the more detailed obligations set out here will be sufficient to ensure that all parties are subject to the right obligations to secure timely and effective implementation of MHHS?

Question 2: Do you agree that the proposed obligations on all programme parties in respect of MHHS implementation, and the proposed obligations on Elexon in its roles as the BSC code administrator, are sufficiently well defined to ensure that ownership and accountability for implementation of MHHS is clear? If not, how could the proposed obligations be changed to allow this to happen?

Question 3: Do you have any comments on the scope or drafting of the draft obligations themselves? We would appreciate all comments, but suggestions for changes in wording where you think what is proposed does not work would be particularly helpful.

Introduction

- 2.1. In our April consultation, we set out, in a subsidiary document, a draft of the detailed obligations that we proposed placing on parties (including Elexon, the Data Communications Company (DCC), electricity suppliers, electricity distributors, supplier agents, code bodies and other third parties), through code and licence

changes, in order to support the implementation of MHHS. We asked stakeholders for their views about the proposed drafting, whether it is well defined and appropriate for each party type and sufficient to secure timely and effective implementation of MHHS.

- 2.2. Respondents' views are summarised against each of the questions we asked. We then set out our views. Finally, our decisions in light of the feedback are set out in bold.

Question 1 - Do you agree that the balance of the duty to cooperate in licences and the more detailed obligations set out here will be sufficient to ensure that all parties are subject to the right obligations to secure timely and effective implementation of MHHS?

Stakeholder views and Ofgem response

- 2.3. Most respondents agreed that the combination of the broad duty to cooperate in licences and more detailed obligations in the BSC should be sufficient (together with robust independent programme assurance) to secure timely and effective implementation. A few respondents said there was no need for separate specific code obligations for suppliers beyond the existing duty to cooperate. One respondent said obligations should be more explicitly placed on certain third parties such as supplier agents. In our view, the proposed approach, which follows the Switching Programme model, so far appears successful in terms of securing compliance by suppliers. We think it is the best way to ensure that all parties - including supplier agents - cooperate with the specific plans and processes of the implementation programme. **We will therefore proceed to introduce BSC obligations on suppliers and others to cooperate with the programme.**
- 2.4. Some respondents wanted more clarity on compliance and enforcement matters and had concerns that cooperation between programme parties could be affected. Two asked whether there should be a specific MHHS licence obligation. We are not establishing a specific compliance regime for MHHS. The consultation document set out proposals for incentivising parties to cooperate effectively with the programme and to make their own changes in accordance with the overall transition timetable. This includes regular self-assessment reporting on progress. We expect parties to comply with the BSC obligations. There are strong regulatory and commercial incentives on all parties to ensure they are ready when the new settlement system

goes live. Compliance with the BSC is a licence obligation, so if there were any failure to comply with the obligations, we would be able to take enforcement action.¹¹ **Accordingly, we do not propose a specific MHHS licence obligation (except for the modifications to DCC’s licence on which we consulted separately).**¹²

- 2.5. One respondent noted that it might be necessary to change the obligations as the programme progresses. Another respondent thought a subset of our proposed obligations alongside the duty to cooperate would be sufficient to incentivise compliance with them. We expect these obligations to be appropriate for the duration of MHHS Implementation. Should parties consider that any changes are required they could be raised as BSC modifications. If Ofgem considers that any changes to the BSC are required we could bring forward a further change under the Electricity Settlement Reform SCR or using our powers under the Smart Meters Act.
- 2.6. Several respondents commented on the importance of Elexon delivering the central programme functions in a cost-efficient way. **We share that view and have decided to place a BSC obligation on Elexon to undertake its duties economically and efficiently.** The Programme Steering Group (PSG) will have the opportunity to scrutinise the annual central programme management budget and make representations to the MHHS Implementation Manager about it. The MHHS Implementation Manager will be required to take the representations into consideration when finalising the budget, and to respond to the PSG. For further discussion about controlling central programme costs, including in the context of BSC modification proposal P416, see paragraphs 2.18-2.21.
- 2.7. One respondent said there was a need to ensure that our proposals do not impede the Smart Energy Code (SEC) modification proposal DP162 that is currently in progress.¹³ We do not think there is any contradiction between these proposed

¹¹ Ofgem’s procedures for taking enforcement action are set out in our [Enforcement Guidelines](#), October 2017. See paragraph 2.5 of that document which refers to industry codes. (Ofgem has just consulted on changes to the guidelines and to our financial penalties and consumer redress policy statement. The proposed changes do not alter licensees’ obligations to comply with the codes.)

¹² See Ofgem’s statutory consultation on a [proposal to modify the Smart Meter Communication Licence](#), May 2021.

¹³ See the Gemserv website for papers relating to DP162 [SEC changes required to deliver MHHS](#).

changes and DP162. We will continue to work with the SEC Panel as necessary to ensure that remains the case.

- 2.8. One respondent argued that there was no need to modify the Connection and Use of System Code (CUSC) because the ESO would in any event be bound by the proposed changes to the BSC. **We have decided to proceed with the CUSC change on the basis that it will provide certainty about the obligations we are placing on the ESO and will promote a consistent approach in all the affected codes.**

Question 2 - Do you agree that the proposed obligations on all programme parties in respect of MHHS implementation, and the proposed obligations on Elexon in its roles as the BSC code administrator, are sufficiently well defined to ensure that ownership and accountability for implementation of MHHS is clear? If not, how could the proposed obligations be changed to allow this to happen?

Stakeholder views and Ofgem response

- 2.9. Most respondents agreed that the proposed code obligations are well defined and clear on where ownership and accountability for the various participant roles lie.
- 2.10. One respondent wanted Ofgem to take a more direct role on key programme decisions. This point is considered further in the discussion of intervention thresholds in the chapter about Ofgem’s role. In summary, we expect Ofgem would exercise its ability to intervene wherever it, or the assurance provider, considers the thresholds have been met.
- 2.11. One respondent wanted an explicit obligation on Elexon to procure expert capability to deliver the programme. Elexon is carrying out that procurement now so we do not consider it necessary to insert an explicit obligation to that effect. However, we have refined the wording on how Ofgem can direct Elexon to procure any service that it is providing in house, or to change contractors, if appropriate.
- 2.12. One respondent was concerned about whether the DCC would be able to make the necessary changes in line with the transition timetable. The transition timetable was discussed with DCC before publication and DCC indicated that it was comfortable with it. Obligations will be placed on the DCC and the SEC Panel to operate in accordance with the transition timetable. We expect DCC to work closely with the MHHS Implementation Manager throughout the programme and to raise any

concerns over its ability to deliver in a timely fashion so as to minimise the risk of delay to overall programme implementation.

- 2.13. Some respondents pointed out that not all MHHS Participant obligations would need to apply to all MHHS Participants as some would have different roles in the programme from others. We accept this. The drafting therefore places the obligations on those MHHS Participants who are required to act under the various programme documents – so if an MHHS Participant has no obligations under, for example, the data migration plan, there is no requirement on that MHHS Participant to comply with the data migration plan.
- 2.14. One respondent said it would like to see a role for the BSC Panel and the Performance Assurance Board (PAB) in managing compliance with the MHHS obligations and to have oversight of progression of industry changes under the programme. There will of course be an important role for the Panel and the PAB in determining whether parties have qualified under MHHS and in relation to the migration of MPANs to the new settlement arrangements. Otherwise, though, we continue to believe it is important for programme progress to be managed within the programme.
- 2.15. We expect the MHHS Implementation Manager to establish arrangements that support all parties in complying with their obligations, assisted by the Programme Party Coordinator (PPC) and IPA as appropriate. Where an MHHS Participant appears not to be conducting its own assurance, we expect that the PPC will recommend it to do so and work with the IPA to ensure that appropriate assurance is put in place. For its part, we expect that the IPA will conduct a range of assurance exercises, typically involving a sample set of MHHS Participants, in order to gauge the extent of progress. The IPA will set out the details of these arrangements in the IPA Framework Document, which we propose that the PSG must approve. The IPA will keep these arrangements under review to ensure that they are and remain effective.
- 2.16. In our consultation document we proposed that MHHS Participants should be required to provide Board statements of their readiness for key programme milestones. We continue to believe that it is important for all MHHS Participants to demonstrate not only Board-level support for the programme but also effective scrutiny of how it is being delivered within each organisation. However, we recognise that, especially in large companies, provision of a Board statement might be a resource-intensive process that might not necessarily be the best use of a Board's

time. **We will, therefore, require any readiness statements to be signed off at Board Director level.** Moreover, our intention is that the MHHS Implementation Manager will require the production of such statements only where it would be proportionate to do so. This could, for example, mean requiring it for specific MHHS Participants if there is concern over progress or reporting and/or requiring it for particularly significant milestones.

Q3 - Do you have any comments on the scope or drafting of the draft obligations? We would appreciate all comments, but suggestions for changes in wording where you think what is proposed does not work would be particularly helpful.

Stakeholder views and Ofgem response

- 2.17. A number of respondents commented on specific parts of the legal drafting. Most comments related to Section C12 of the BSC, with some comments about the drafting of changes to the other codes. We outline below the main comments and our position on them. As noted above, appendix 1 contains a full list of the comments made on the BSC drafting together with our explanation of how we have addressed them. Appendix 2 contains a table showing the changes we have made to the proposed codes legal text compared to the version on which we consulted. We have separately published the BSC legal drafting, redlined to show changes to the version on which we consulted.
- 2.18. As noted above, it was suggested that Elexon as programme manager should be obliged to incur central programme costs in an efficient way. **We agree and have amended the BSC legal text to require BSCCo to carry out their duties as MHHS IM economically and efficiently.** Another respondent said Elexon as programme manager should engage fully with MHHS Participants on the cost and time impacts of its activities. We think that this too is entirely reasonable. **Accordingly, we expect that the MHHS Implementation Manager will prepare and consult on a budget each year that sets out what it will do and at what cost. As part of this, the PSG will have the opportunity to scrutinise the proposed annual central programme management budget and make representations to the MHHS Implementation Manager about it. The MHHS Implementation Manager will be required to take representations from the PSG into consideration when finalising the budget, and to respond appropriately to the PSG. In so doing, we expect the MHHS Implementation**

Manager to ensure that the final budget is sufficient to enable it to deliver on its obligations as set out in section 12 of the BSC. So far as outturn spending is concerned, we expect the MHHS Implementation Manager to ensure that it is efficiently incurred and represents value for money in meeting its obligations under section 12 of the BSC.

- 2.19. It has been suggested that BSC parties should be able to challenge whether the MHHS central programme budget is being managed efficiently and should be able to comment on any changes to the budget that are introduced during any financial year. We note that Elexon’s expenditure on the central programme functions is subject to the same processes and controls as all other Elexon expenditure. It is for BSC parties and the Elexon Board to exercise oversight on the efficiency of central programme function expenditure. **The process for the PSG to scrutinise the annual budget also applies to budget revisions.**
- 2.20. BSC modification proposal P416 would introduce an appeal mechanism for BSC annual budgets. We have yet to make our decision in relation to P416, but note its interactions with Elexon spending under the MHHS programme. In reaching our decision on P416, we will fully consider these interactions. We note that additional provisions may be required to ensure that any such appeal could be accommodated within the MHHS timetable, and we will consider how this may be achieved if P416 is approved.
- 2.21. Some respondents said that the BSC obligations to comply with MHHS programme implementation should be on a ‘best endeavours’ or ‘all reasonable steps’ basis. These respondents said that MHHS Participants should be able to make business-critical decisions about how best to support their customers without the threat of regulatory sanctions if their actions cause undue delay to MHHS implementation. We have set out our specific responses to these suggestions in Appendix 1. In some cases we have amended the legal text for clarification. Where respondents were suggesting that adherence to programme documents and plans should be on a reasonably practicable basis we do not agree. Parties will have the opportunity to comment on the development of such plans and should ensure that any significant concerns about their practicality are raised while the documents are in development. Once a programme document is approved all impacted parties should operate in accordance with it.

- 2.22. One respondent sought Ofgem guidelines that set out a clear, articulate and transparent decision-making process for MHHS implementation change control and expected Elexon to set out and consult on this process prior to Ofgem approving it. We do not intend to insert further guidance in the BSC. We note that the change control process will make provision for full and effective consultation. The rebaselining exercise in spring 2022 (and any subsequent ones) will be carried out in accordance with this process.
- 2.23. One respondent said there should be a user-friendly central document store for MHHS Participants. We agree that this would be sensible and note that the Lead Delivery Partner will be contractually required to maintain such a store. On that basis, we have not amended the BSC legal text.
- 2.24. One respondent said that section C12 of the BSC should include a sunset clause making clear that its provisions will be deleted from the code when MHHS Implementation is completed. **We agree and have amended the legal drafting to include a sunset clause.**

3. Governance Structure

Section summary

This section confirms that the governance structure will be as described in the Governance Framework and that Ofgem will designate this as a baselined document in the Balancing and Settlement Code (BSC). We have made some changes and clarifications to aspects of the governance structure, including doubling the supplier representation on the Programme Steering Group and making clear that the supplier agent representation on the PSG must include at least one representative nominated by independent supplier agents. We also confirm that terms of reference will be drawn up and consulted upon for each governance group. Appendix 3 tabulates the changes to the Governance Framework as compared with the consultation version. We have published the Governance Framework separately, redlined to show changes from the version we published for consultation in April 2021.

Questions

Question 4: Do you support the governance structure as described in the Governance Framework? We welcome all comments, but if you have proposals for changes to the governance structure it would be particularly helpful if you could clearly set out your preferred alternative in any specific area of the governance structure.

Question 5: Do you agree with the approach of Ofgem designating the governance structure as set out in the Governance Framework as a baselined document in the BSC, that Elexon and all programme parties will have to comply with? If not, can you suggest an alternative method of embedding the governance structure, contained in the Governance Framework, in the programme and providing confidence to all programme parties?

Introduction

3.1. In our consultation we set out a proposed Governance Framework and stated that we intended to designate that framework as a baselined document in the BSC, to which all programme parties must comply. We sought views on the proposed framework and on how best to embed it into the programme such as to give confidence to all programme parties. Respondents' views are summarised below against each of the questions we asked. We then set out our views. Finally, our decisions in light of the feedback are set out in bold.

Question 4 - Do you support the governance structure as described in the Governance Framework? We welcome all comments, but if you have proposals for

changes it would be particularly helpful if you could clearly set out your preferred alternative in any specific area of the governance structure.

- 3.2. There was broad support for the governance structure we proposed. A number of detailed points were raised, which we address below.
- 3.3. One respondent pointed out the need for transparent terms of reference for all the governance groups so as to avoid duplication or gaps. For example, the Cross-Code Advisory Group and Code Change Development Group could have an overlap in remit if the terms of reference were not clearly defined, particularly while the detailed design and redlining of legal text were being undertaken. **We agree and have amended the Governance Framework to ensure that terms of reference are drawn up and consulted upon.** We note that MHHS Programme published a consultation on 30 July which included proposed terms of reference for the initial groups and said that “Terms of Reference and the membership for all other groups will be consulted on, ahead of the groups being established.”¹⁴
- 3.4. Respondents asked how the governance group representatives would be selected. We expect the constituencies represented on each group to nominate a representative. We recognise this may be harder for some constituencies than for others. We have asked the MHHS Implementation Manager to facilitate the selection of a representative where that would be helpful. In any event, we strongly urge all constituencies, including the four supplier constituencies, to take steps to identify their representatives as soon as possible.
- 3.5. We have also been asked how the representative function would operate in practice. We do not wish to be prescriptive because each constituency might want to handle this differently. Nevertheless, we suggest that examples can be drawn from the well-established Switching Programme experience, in which representatives hold regular constituency calls before and after governance meetings to take views and report back. In order to facilitate timely canvassing of constituents’ views, we expect that the Programme Steering Group (PSG) will establish indicative timelines for circulating and gathering feedback on papers in advance of PSG meetings.

¹⁴ See [the MHHS Programme website](#) for details.

- 3.6. As noted above, some respondents said it would be better to have the same supplier representative structure on the PSG as there is in the Switching Programme. That is, one large supplier representative, one medium supplier representative, one small supplier representative and one non-domestic supplier representative. There is a degree of overlap between these constituencies and we have seen in the Switching Programme that this can lead to confusion about which constituency a particular supplier belongs to. Nevertheless, we recognise the strength of argument about having a more granular set of supplier constituencies. **We have therefore amended the PSG membership to increase the number of supplier representatives from two to four on the basis set out above.**
- 3.7. We also proposed that the PSG should include two supplier agent representatives. One respondent said that they should be drawn from the independent supplier agent community. **We have decided that at least one of the representatives should be nominated by independent supplier agents.** In any event, we expect that both supplier agent PSG representatives will canvass views and represent opinions in a timely way from all supplier agents, whether they are independent or 'in-house' supplier businesses.
- 3.8. We have made two further amendments to the PSG membership list. Firstly, we have replaced 'Programme Manager' with 'MHHS IM's Programme Director' to better align with the MHHS Programme structure. Secondly, we have added National Grid Electricity System Operator, who we consider have a significant interest in the programme and should be represented on the PSG.
- 3.9. Some respondents asked about the decision-making processes where consensus cannot be established, especially in the absence of formal voting arrangements. The SRO will seek to reach decisions by consensus wherever possible in the PSG. We have set out above our expectation that proposals will be consulted upon in an inclusive and timely manner and that PSG members will proactively seek views from all their constituents. This should facilitate fully informed discussions at PSG meetings. We are not establishing formal voting mechanisms but the SRO will be required to explain and publicise its decisions in a transparent manner not only to the PSG but to all MHHS Participants.
- 3.10. Connected with this, one respondent said it would be better if the PSG Chair were independent. We believe it is important for the SRO to chair the PSG as this is where the key decision making sits. We have already confirmed our decision that the SRO

for MHHS implementation should sit with Elexon as the Implementation Manager. We consider that having an independent Chair of the PSG would add an unhelpful extra layer of complexity to the decision making process. Ofgem, as Programme Sponsor, will sit on the PSG as an observer. In addition, the Independent Programme Assurance provider (IPA) will be reporting to Ofgem on any issues where there is significant disagreement between PSG members and the SRO.

- 3.11. One respondent wanted the PSG decision making process to ensure that parties' views are properly considered (including on the cost implications of any proposals) and that all decisions made are in the interests of customers. We believe the governance structure provides for this. All programme decisions will be made through the governance groups, with assessment of impacts across all programme participants and on consumers and with proper consultation of MHHS participants. **We note too that level 3 groups, such as the Implementation Group, will have a representative structure. We have amended the Governance Framework to make this explicit where appropriate.**
- 3.12. One respondent said it would be important to have one change process for all programme documents and rigorous version control in all change processes. We agree that the change process established for the programme should be clear and easy for participants to navigate, and a single change process is consistent with the proposed requirements in the Governance Framework. It may, however, be appropriate for example to have different timescales for changes of different magnitude or urgency. We note that the MHHS Implementation Manager must develop and consult on a change process, which must be approved by Ofgem. We will want to see evidence that the proposed change process has taken proper account of the views of MHHS Participants before we approve it.
- 3.13. Given that MHHS is intended to incentivise innovation in new products and services, we have been considering whether the PSG and/or the Design Authority should have a member with specific expertise in this area. We do not intend to be prescriptive but expect that the matter will be kept under review by Ofgem. We note that changes to the membership of the PSG can be made via change control as and when appropriate. This mechanism could be used to convene additional subgroups or experts if there were a need to draw upon types of expertise not already present on the governance groups.

- 3.14. The MHHS Implementation Manager proposed a different graphical representation of the governance group hierarchy, which they consider will be clearer for them. The revised graphic has a more generic approach to the creation of level 3 groups and it removes the IPA and PPC because they are not decision-making bodies. We think the new graphic is consistent with, and does not change the substance of, our proposals. On that basis **we are replacing the graphical representation of the governance group structure in the Governance Framework.**
- 3.15. One respondent noted that the governance structure did not include a group considering customer communications. Ofgem is already working with industry to formulate clear and effective data access communications that can be used consistently across all consumers. As part of this, we have undertaken our own consumer research to understand what messages may resonate best. We do not believe it is appropriate to include this activity within the MHHS implementation governance structure. If, however, stakeholders identify a need to create an additional group analogous to the RECCo-funded switching customer journey forum, it is open to them to do so.

Question 5 - Do you agree with the approach of Ofgem designating the governance structure as set out in the Governance Framework as a baselined document in the BSC, that Elexon and all programme parties will have to comply with? If not, can you suggest an alternative method of embedding the governance structure, contained in the Governance Framework, in the programme and providing confidence to all programme parties?

- 3.16. There was broad support for the Governance Framework being incorporated as a BSC subsidiary document. One respondent noted that it would be important to limit the application of the governance framework to MHHS implementation and change control. **We agree and the legal drafting provides for this.**
- 3.17. One respondent stated that supplier agents should be allowed to raise changes to the governance framework. Another respondent was concerned that distribution network operators (DNOs) would not have an effective voice in the governance process. We see no reason why this should be the case. The Governance Framework requires the PSG to contain one DNO and one independent DNO representative. **The Governance Framework has been amended to make it explicit that any MHHS Participant can raise a change to the Governance Framework and to any programme document.**

- 3.18. One respondent noted that the change process must be easily accessible and transparent. **We agree. As noted above, the change process will be developed by the MHHS Implementation Manager in consultation with industry and it will need Ofgem’s approval. This should ensure that the process is both easily accessible and transparent.**
- 3.19. Elexon, in its role as operator of settlement systems, said “The delivery of central settlement systems is dependent on detailed requirements which will be provided to us in April 2022. It is important to be aware that no programme participant (including ourselves) will be able to provide confirmation of delivery costs or timescales until those requirements are known and assessed.” Elexon added that “We expect to participate in the appropriate working groups and will endeavour to resource participation in all of them as necessary. It is important to be aware that there may be times where it is not possible to fulfil the requirements of every working group, for example where key resources are required for each and for the delivery of the system changes relating to the implementation of MHHs. In these cases it is important that there is a clear prioritisation as well as understanding from other participants.”
- 3.20. We note that the full engagement of Elexon in its role as operator of settlement systems in all aspects of this programme will be critical to the programme’s success. In particular, it is important that Elexon participates effectively in working groups to ensure both that Elexon is engaging fully with the users of its systems and that Elexon is meeting its own milestones in the baselined plan. Others will be dependent on Elexon doing so. Whilst we recognise that it will always be necessary to prioritise, we expect that Elexon in its role as operator of settlement systems will ensure it is resourced adequately to engage fully in the programme and that it is making prioritisation decisions that take account of the impact on other parties of any failure to meet programme expectations.
- 3.21. There was concern that the MHHS implementation change process might not be consistent with existing BSC document categorisation and governance processes, which could be inefficient and unnecessarily burdensome. We acknowledge that some parties already engage with a large number of change processes for different industry codes. In developing the MHHS change process it would of course be sensible to avoid unnecessary administrative burdens. That said, we have set out a number of features we expect any MHHS change control process to involve. They include timely and inclusive consultation, potentially with different timescales

according to the materiality or complexity of the proposal, and a clear explanation of final decisions. It will be for the MHHS Implementation Manager to consider all representations on the detail.

- 3.22. One respondent queried the legal standing of the documents produced subject to the Governance Framework (including the data cleansing, data migration, defect management, migration, qualification and test plans, the implementation timetable and the TOM), including the change control process for these documents. We confirm that the Governance Framework and plans listed, which are explicitly identified in the new BSC Section C12, will have to be complied with under the terms of new BSC Section C12.

4. Independent Programme Assurance

Section summary

This section confirms that independent programme assurance will play a vital role in MHHS implementation. We are confirming a set of assurance principles that should give confidence to all that the programme will be well managed and geared towards success. The Independent Programme Assurance provider (IPA) will report to Ofgem, the SRO and the Programme Steering Group wherever it identifies potential concerns with the programme, and it may make recommendations to address them. This includes reporting on the robustness of Elexon’s internal separation. The IPA will also identify when any thresholds are met for Ofgem intervention.

Questions

Question 6: Do you have any comments on the proposed assurance principles?

Independent assurance

- 4.1. In January 2021 we set out our expectation that robust and independent expert assurance would be essential to building confidence among programme participants in MHHS implementation. In light of responses to that consultation, in April 2021 we decided that Ofgem would procure and hold the contract for the assurance provider but that Elexon as SRO would handle the day-to-day management of the provider.
- 4.2. We stated that this approach would mitigate the risk of bias and give programme parties and Ofgem the confidence that the assurance provider would be acting independently of Elexon and in the interests of all programme parties, and Ofgem. We also set out the principles of what assurance should cover, and how the assurance provider should report. Respondents’ views on these matters are summarised below. We then set out our views. Finally, our decisions in light of the feedback we received are set out in bold.

Question 6: Do you have any comments on the proposed assurance principles?

Stakeholder views and Ofgem response

- 4.3. The proposed assurance principles covered the objectives, scope, approach and independence of the Independent Programme Assurance provider (IPA). Most

respondents agreed that the principles were broad and generally satisfactory. We welcome the fact that most respondents supported the assurance principles. As noted above, most of the comments from respondents related to cost control and the relationship between Elexon and the IPA.

- 4.4. Several respondents argued that the IPA should be completely separate from Elexon or that Elexon should not be responsible for the day-to-day management of the IPA. Given that part of the IPA's role is to ensure that Elexon is managing any potential, perceived or actual conflicts of interest between its programme management and BSC systems functions, they said it was essential to avoid any risk that the assurance provider itself might come under pressure not to act independently in its assessments of Elexon. Two of these respondents said Ofgem should handle day-to-day management of the IPA. One supplier said the Programme Steering Group (PSG) should manage the scope and priorities of the IPA while delegating day-to-day management responsibilities to Elexon as the SRO.
- 4.5. We understand the concern. However, we are also keen to ensure the IPA is able to provide a critical service to the SRO and the wider programme in its assurance over the MHHS implementation programme generally and the progress of MHHS Participants specifically, as well as providing assurance to Ofgem and the wider programme on the effectiveness of the central programme functions. We are therefore working with the Implementation Manager to determine the best split of IPA management responsibilities to ensure that all these issues are taken into account. **We have amended the BSC text (see paragraph 12.10.2) to reflect better the relationship between the Implementation Manager and the IPA. Ofgem agrees that it will be essential to receive regular assurance on conflicts of interest. We will therefore ensure that this is built into the IPA contract.**
- 4.6. One respondent said there should be a principle that ensured that the relationship between the assurance provider, Ofgem and Elexon is reviewed regularly to ensure that the assurance regime is working effectively. Regular reviews would build and maintain industry confidence in the governance arrangements. Another respondent said that conflict of interest assurance should be conducted at regular intervals and following material milestones and decisions. **As noted above, the IPA will be contractually required to conduct regular assessments of the robustness of Elexon's internal separation and other arrangements for dealing with potential conflicts of interest.**

- 4.7. Several respondents wanted more emphasis on cost control. One of those noted that it was important for the IPA to take a proportionate approach that strikes a reasonable balance between thoroughness and cost-effectiveness. We agree that programme assurance should be provided in a cost-efficient manner. We are tendering competitively for this service and will select the bidder that appears to represent best value for money in providing the services we think the MHHS programme will reasonably need. We will ensure that costs are appropriately taken into account in the appointment process and that IPA costs are effectively managed throughout the programme.
- 4.8. One respondent asked whether there was a need to establish a baseline for total industry costs at the start of the programme against which success could be measured. One of these respondents said financial assurance about programme costs should be reported to industry via the PSG. Ofgem agrees that a rigorous approach, taking account of total costs to the industry, is vital. To that end, we proposed that all change proposals should be subject to impact assessment across all programme participants taking account of the whole cost to industry and impact consumers. **We confirm that the change process will require such assessments to be carried out. Ofgem will be responsible for decisions where the estimated one-off and/or cumulative cost impact exceeds the relevant thresholds. The baseline for industry costs is that set out in our Final Impact Assessment.**¹⁵
- 4.9. Two respondents were concerned that the activities of the IPA might duplicate existing industry assurance processes, which would be inefficient. We agree that it is important to be clear about the respective roles of the BSC Panel, the Performance Assurance Board (PAB) and central programme assurance. The BSC Panel and the PAB will determine whether parties have qualified under MHHS and have a role in the migration of MPANs onto the new settlement arrangements. Otherwise, though, programme assurance will be managed within the programme. We expect the MHHS Implementation Manager to be looking to support all parties to comply with the

¹⁵ See Ofgem's [MHHS Final Impact Assessment](#), April 2021.

obligations, supported by the IPA (and the Programme Party Coordinator) as appropriate.

- 4.10. It was suggested that, wherever possible, assurance techniques should align with any existing code measures and processes that are already in place. A supplier said it needed greater clarity about the assurance techniques that would be used so that parties could have clear expectations about the size and scope of this activity. Central programme assurance providers will use a range of techniques to gather the information they need to draw conclusions about programme progress. We expect that they will take a proportionate approach reflecting their views about the risks facing the programme at any given time.
- 4.11. The MHHS Implementation Manager was concerned to avoid duplication between its role and that of the IPA. **We will mitigate this risk through both the specification of the IPA requirements under contract and the management of the IPA.** We do not believe this requires any change to the Governance Framework or the BSC text. More broadly, one respondent suggested regular reviews of the relationship between the Implementation Manager, Ofgem and the IPA to give confidence that the arrangements are working well. **We agree that this would be sensible. One option might be for periodic reporting on the relationship to the PSG. We do not consider that this requires changes to the BSC text or the Governance Framework.**
- 4.12. One respondent suggested that consumer representatives should be able to ask for additional assurance work. We note that the Governance Framework allows for the PSG (which has a consumer interest representative) to ask for assurance work. In addition, **Ofgem will work with consumer representatives throughout the programme to ensure that the assurance activity covers areas of importance from a consumer perspective.**

5. Ofgem's role

Section summary

This section confirms the criteria and thresholds that would trigger Ofgem intervention in the MHHS implementation programme. It confirms that Ofgem expects to take decisions or direct parties to take action only where these thresholds are met, or where the Independent Programme Assurance provider recommends that an issue should be escalated to us.

Questions

Question 7: Do you agree that specific thresholds should be set for Ofgem intervention to avoid the risk of Ofgem being drawn into day-to-day management of MHHS implementation?

Question 8: Do you agree that Ofgem intervention should be based on the five key criteria of: adherence to the TOM, delivery of benefits and costs, timeliness of delivery, impact on competition and consumer impact? Do you agree with the specific TOM, cost and timeliness thresholds? If not, what others would you propose?

Question 9: Are there any other criteria that you consider may warrant Ofgem intervention? Please give reasons why.

Question 10: Do you also agree that Ofgem should have a role in ensuring that conflicts of interest are properly managed within MHHS implementation?

Criteria and thresholds for intervention

- 5.1. In the April 2021 consultation we confirmed that Ofgem would remain Programme Sponsor and would intervene in the programme only in limited circumstances. We proposed intervention criteria, with associated thresholds, and stated that the Independent Programme Assurance provider (IPA) should validate whether a threshold has been passed before we intervene. We sought views on these matters and on whether Ofgem should have a role in ensuring that conflicts of interest are properly managed.
- 5.2. Respondents' views are summarised below against each of the questions we asked. We then set out our views. Finally, our decisions in light of the feedback are set out in bold.

Stakeholder views and Ofgem response

Question 7 - Do you agree that specific thresholds should be set for Ofgem intervention to avoid the risk of Ofgem being drawn into day-to-day management of MHHS implementation?

- 5.3. There was widespread support for Ofgem’s role as Programme Sponsor and for the principle of Ofgem intervening to ensure that the programme remains on track. **We confirm our intentions on how we will use our powers as a key part of our sponsorship role.** Ofgem will always aim to respond promptly when any decisions are referred to us. We will work with the SRO to agree a suitable framework, including Service Level Agreements where appropriate, to ensure that Ofgem is able to take properly informed decisions without delaying the programme.
- 5.4. Several respondents said they would prefer Ofgem to have a more granular oversight of implementation. They were keen that Ofgem should keep in sufficiently close touch to be able to identify problems before they affect programme milestones. Ofgem has already decided that MHHS implementation will be led by industry and is establishing a governance framework on that basis. Consistent with our sponsorship role, we will not engage in granular day-to-day oversight of MHHS implementation. However, we will be an observer on the Programme Steering Group (PSG), we will receive reports from the Independent Programme Assurance provider (IPA) on significant programme risks and issues, and we may intervene if we consider it necessary. One respondent noted that Ofgem had the power to intervene without thresholds but said they were helpful for managing expectations about the extent of Ofgem’s involvement. This is indeed the intention. We are keen to ensure that Ofgem is not drawn into day-to-day operational matters. Establishing intervention thresholds should avoid that outcome.

Question 8 - Do you agree that Ofgem intervention should be based on the five key criteria of: adherence to the TOM, delivery of benefits and costs, timeliness of delivery, impact on competition and consumer impact? Do you agree with the specific TOM, cost and timeliness thresholds? If not, what others do you propose?

- 5.5. Most respondents agreed with the intervention thresholds we proposed. Some respondents asked for a regular or ongoing review of the thresholds. **We agree that this would be sensible and will require the IPA to keep the thresholds under**

review. We will develop the details as part of the process of procuring independent programme assurance.

- 5.6. Several respondents argued for different thresholds for intervening on cost grounds. One respondent thought they were too low relative to overall programme costs and ought to be raised. However, others thought the thresholds were too high and should be reduced. Suggestions ranged from £1m to £9m in relation to individual decisions and a cumulative threshold of £10m. It was also suggested that MHHS Participants should be able to refer to Ofgem any decision costing £3m. **We have considered the matter carefully and have decided to proceed with the cost thresholds that we proposed. This means that any decisions that would alter the forecast costs or benefits of MHHS compared to those set out in our Final Impact Assessment for MHHS by more than £5m for an individual decision, or £20m cumulatively, will be referred to Ofgem for determination. As part of its review of the intervention thresholds, we expect that the IPA will seek views on whether the cost thresholds remain appropriate.**
- 5.7. One respondent sought confirmation that costs in this context should be whole industry costs. This is correct. It is the total net impact that triggers a referral to Ofgem, rather than cost transfers between individual MHHS Participants (although, if unfair, such transfers could be raised to Ofgem under the Competition criterion). **The Governance Framework requires impact assessments to include the costs and benefits of the change, taking account of costs across the industry and across the investment period for the programme. A clarification has also been made in BSC paragraph 12.6.2(c) to reflect this.**
- 5.8. We proposed referral to Ofgem of any proposed forecast or re-plan that would move one or more of the level 1 milestones by three months or more. One respondent suggested that the threshold should be set at 6 months and that the threshold should be cumulative. Others asked how this would work, including its effect on any subsequent milestones. **We intend that the threshold for delay should be cumulative. For clarity, we intend that any movement of a level 1 milestone by 3 months or more from the original baselined plan will require Ofgem approval.**
- 5.9. **In considering a proposed change, Ofgem would need to see that the impact of the change had been factored into subsequent milestones in the plan. Whilst this would not necessarily mean that all other milestones would**

move back on a like-for-like basis, we would need to see and understand the assumptions that underpin the impact on subsequent milestones. We would seek confirmation from the IPA that those assumptions are robust and that any evidenced concerns about achievability raised by MHHS participants had been appropriately addressed. Once a change to a level 1 milestone is agreed by Ofgem then the plan would be re-baselined on that basis and any subsequent movement of a level 1 milestone by 3 months or more from that plan would again require Ofgem approval. We have amended the wording in the Governance Framework/BSC text to make this explicit.

- 5.10. One respondent said that the change process and intervention thresholds should prioritise whole system impacts on consumers above delivering the Target Operating Model (TOM) precisely as recommended by the Design Working Group (DWG). The respondent was concerned that broader consumer impacts might be overlooked in pursuit of delivering one particular version of the TOM. **We believe the risk of this happening is very low. In April 2021, we published our Final Impact Assessment, which concluded that implementing MHHS according to the DWG’s TOM is expected to have a significant net benefit for consumers. If a proposed decision on the detailed design would materially affect (above our specified thresholds) the whole system costs of delivering the TOM or would otherwise have a significant impact on consumers, it will be referred to Ofgem for determination. We will take all such decisions in accordance with our principal objective, which means assessing whether the proposed change would be in the interests of electricity consumers. We also note that there will be a member of the PSG with specific responsibility for considering consumer impacts. We believe this should give confidence that consumer impacts will always have to be taken appropriately into account throughout the implementation of MHHS.**
- 5.11. One respondent suggested defining what is meant by ‘significant’ consumer impacts. **We believe there could be a range of potentially significant impacts on consumers. The criterion as drafted ensures that any decision that might have a significant impact on consumers will be considered by the IPA and, if they agree that it could have such an impact, be referred to us. We believe it is better to have this flexibility than to attempt to prescribe in advance what those impacts could be. One factor we will consider in appointing the**

IPA is that it should have sufficient expertise in consumer matters to provide informed judgement in this area.

- 5.12. One respondent wanted the detailed design to be included in the definition of the TOM. **Ofgem is keen to avoid being drawn into decisions on the detailed technical implementation of the TOM. However, as noted above, if elements of the detailed design were materially to alter the arrangements set out in the TOM as baselined in our April decision, or the outcomes we are seeking to achieve through the TOM, including the forecast costs and benefits of MHHS, that would trigger one or more of the existing criteria.**

Question 9 - Are there any other criteria that you consider may warrant Ofgem intervention? Please give reasons why.

- 5.13. Several respondents proposed additional criteria for Ofgem intervention. One suggested that there should be a separate criterion covering conflict of interest whether this occurs within a single party or between different parties. Another respondent said Ofgem should be able to intervene if there is a disproportionate impact on a market sector. One respondent said intervention should be possible where the costs fall largely on an individual party, even if the total net cost impact is below the cost threshold. **Our view is that all these matters could be considered via the criterion on competition and market stability. For example, the threshold would trigger Ofgem intervention on any conflict of interest issue that the IPA considered significant. We have amended the Governance Framework to make this clearer. That threshold now reads “any decisions that could have a significant impact on competition or market stability, including where a situation arises in which a party or parties argue that their interests are being treated less favourably, without good reason, than those of other parties.” We note that Ofgem has sole discretion as to how to interpret those thresholds.**
- 5.14. Two respondents wanted Ofgem to be able to intervene if an MHHS requirement conflicted with another regulatory requirement, including other change programmes such as the Switching Programme and the smart meters rollout. **We believe that any significant conflict with a regulatory requirement would be covered by the clarified definition of the competition threshold set out above.**

- 5.15. One respondent suggested that Ofgem should be able to intervene in the event of external circumstances, such as COVID 19, impacting on MHHS implementation. **We do not think that this is necessary or desirable. We believe the PSG will be the best judge of whether and to what extent any external circumstances are affecting or are likely to affect MHHS implementation. The PSG should propose what action may be necessary to address those impacts and, if the proposals trigger the intervention thresholds, the matter would be referred to Ofgem for determination.**
- 5.16. One respondent said that the criteria should include resolving conflicts between industry codes in line with Ofgem’s usual responsibilities relating to codes. **Whilst we agree that our usual code responsibilities continue to apply in respect of MHHS implementation, we do not believe this needs to be reflected explicitly in the criteria for Ofgem intervention, as there is nothing in our proposals for MHHS implementation that directly affects those responsibilities.**
- 5.17. The BSC text requires the MHHS Implementation Manager to ensure that any code changes required for successful implementation are identified and developed to the point that they can be appropriately taken forward. We expect that most code changes required for MHHS implementation will be raised by Ofgem, either via the Settlement SCR or using our powers under the Smart Meters Act. We proposed a cross-code advisory group as part of the governance structure for MHHS to provide a route for early coordination between codes and the resolution of any conflicts. Where that group cannot resolve conflicts, the Governance Framework is clear that issues can be referred to Ofgem for guidance.
- 5.18. One respondent said that there should be clear criteria for making any decision to change the MHHS Implementation Manager. **The proposed governance framework already sets out the circumstances in which Ofgem might exercise its right to change the MHHS Implementation Manager. We expect that this would occur only as a last resort having sought views from programme participants and the IPA.**
- 5.19. We have been made aware that the version of the Governance Framework that we published with our consultation did not include one of the criteria for intervention that we set out in the consultation document. We have therefore amended the Governance Framework to correct this omission, and included a criterion of “**any**

significant changes to this Governance Framework, including where changes are proposed to the scope of the IPA’s remit or to the criteria or thresholds for Ofgem intervention”.

Question 10 - Do you also agree that Ofgem should have a role in ensuring that conflicts of interest are properly managed within MHHS implementation?

5.20. There was strong support for the proposed Ofgem role in managing conflicts of interest. **We confirm that in the short term this means Ofgem will ensure Elexon’s internal separation plan is robust and Ofgem will procure independent programme assurance. Thereafter, the IPA will take the lead in monitoring the separation arrangements and potential conflicts of interest in Elexon’s decision making. The IPA will report on these matters to Ofgem, the PSG and the Elexon Board. Ofgem will direct BSCCo to resolve significant conflicts of interest should that be necessary.**

6. Next steps

Section summary

This section outlines how we intend to take forward the decisions that we have set out in this document. It confirms that we will progress changes to the relevant industry codes via the Significant Code Review (SCR) 'Option 3' process. Separately, we are publishing an update on the SCR modifications and our decision notice in relation to modifying the DCC's licence. Subject to further engagement with the relevant industry panels, these changes should be in force by autumn 2021.

We are prioritising the changes to the BSC, which we have published alongside this document. Having this set as soon as possible should help give further confidence and certainty to all participants about how the programme will be run. Ofgem will play the role of Programme Sponsor as set out in our consultation and confirmed in this document. The Code Change Development Group expects to set out the final redlined code changes in April 2022. At that point, we expect to have requested that BEIS trigger our powers under the Smart Meters Act 2018 to enable us to make these further code modifications. We consulted on the basis that the transition plan would be reviewed in October 2021. We have now agreed with MHHS Programme that it would be preferable to run a single plan review exercise in the spring of 2022 when the detailed design has been settled.

Next Steps

- 6.1. This document sets out our decisions on the MHHS implementation arrangements. We will now progress the associated code changes via the SCR 'Option 3' process.
- 6.2. As well as this decision document, we will shortly be publishing an update on the approach that we are taking to the SCR code changes.¹⁶ Essentially, we will present this first set of changes to the relevant code panels so that they can each provide a recommendation to Ofgem as to whether to approve or reject the proposed modification. As the transition to full MHHS implementation progresses, we intend to make further modifications under the Electricity Settlement Reform SCR and/or pursuant to our powers under the Smart Meters Act 2018. The Electricity Settlement

¹⁶ Ofgem's [Update - Electricity Settlement Reform Significant Code Review: Authority-Led Code Modification Proposals](#), August 2021. Not available at the time this Decision Document is published, but planned to be published shortly.

Reform SCR will remain open until the final code change under the programme is made and we will confirm when we consider that to have happened.

Regulatory changes

- 6.3. We are prioritising the BSC changes, which formalise the MHHS Implementation role for BSCCo, on their own apply obligations to most MHHS Participants and establish the MHHS governance arrangements. We will shortly be raising the first set of proposed BSC changes in an Authority-led SCR BSC modification and have published the proposed legal text separately. Subject to the views of the BSC Panel, our desired target for Authority decision on this set of BSC modifications is 30 September 2021, with the legal text coming into effect, if approved by the Authority, as soon as possible thereafter.
- 6.4. Proposed modifications to other codes will be raised in the coming weeks, in line with the change processes of those codes. Following recommendations from each code panel, we will make final decisions on each of the code changes and state when they are to come into effect. We expect they will come into effect, if approved by the Authority, in the autumn of 2021.
- 6.5. Separately, we have issued a final decision on changes to the Smart Meter Communication Licence to require the DCC to comply with the MHHS implementation provisions in the BSC. This licence change takes effect on 6 October 2021.¹⁷

Governance

- 6.6. We expect the governance for the programme will be set up as soon as possible. MHHS Programme has already published a consultation document¹⁸ on the structure of the level 2 and 3 governance groups and their terms of reference. We welcome this work. We would encourage all MHHS Participants to engage actively with MHHS Programme and each other in identifying appropriate constituency representatives to

¹⁷ See Ofgem's [Decision on Statutory Consultation on proposed changes to Licence Condition 21 of the Smart Meter Communication Licence](#), August 2021.

¹⁸ See the [MHHS Programme website](#) for details.

sit on those groups and ensure they have a voice in all programme decisions going forward.

- 6.7. The Code Change Development Group (CCDG) is developing the detailed design arrangements for MHHS. However, the CCDG as it currently exists will not formally continue beyond this change of governance structure. We expect that MHHS Programme will look to reconstitute it in line with the representative structure so that it can continue its important work. We would support a smooth transition from the existing structure to the new one as the constituency representatives are identified. After consultation, the CCDG expects to set out the final redlined code changes in April 2022. At that point, we expect to have requested that BEIS trigger our powers under the Smart Meters Act 2018 to enable us to make these further code modifications.

Further Ofgem Role

- 6.8. Ofgem will play the role of Programme Sponsor as set out in our consultation and confirmed in this document. This means that we will play a limited role in programme implementation, including the procurement of the Independent Programme Assurance provider (IPA), observing at governance groups and taking decisions where thresholds for Ofgem involvement are met. We are currently in the process of procuring an IPA provider. We hope to complete that and have the provider in place during autumn 2021.

MHHS Transition Timetable

- 6.9. As part of the decision in April 2021 to proceed with an industry-led MHHS programme, we published a baselined Transition Timetable. We stated that, once all the central programme parties had been procured and were in place, the SRO would carry out a rebaselining exercise to ensure that the transition plan remained realistic and robust. We said this exercise would occur in October 2021.
- 6.10. Some respondents said it would be sensible to have a full plan review in spring 2022 when the full design is scheduled to be approved. We have discussed this with MHHS Programme, who agree that a plan review after finalisation of the design would be appropriate. We agree. We also consider that there would be little value in carrying out a full plan review in October 2021 if another is planned for the spring of 2022. We are therefore of the view that it would be preferable to run a single plan review

exercise in the spring of 2022. We are not making a change to the baselined plan in respect of this, but we do recommend to MHHS Programme that it might want to consider proposing such a change through programme governance. We note that the plan review is not a level 1 milestone. As such, moving it by 3 months or more would not require Ofgem approval.

Conclusion

- 6.11. Through this suite of changes, we are creating a clear and comprehensive framework for engagement. Licensees are already under a duty to cooperate with the implementation of an SCR and this ongoing obligation will fill any gaps that might emerge in the more detailed framework. We expect all parties to allocate the resources needed to engage effectively with the work of the SCR. This will ensure timely and robust delivery of MHHS, in turn facilitating the energy transition and bringing significant benefits to British consumers.
- 6.12. We look forward to working with MHHS Programme and all MHHS Participants to secure a timely and effective implementation of the new settlement arrangements.

Appendices

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Appendix 1

Table of comments on the proposed changes to the relevant industry codes

1.1. The table below summarises the code drafting changes that were proposed by consultation respondents and outlines our position on them.

We received one confidential response. Drafting comments from that response are not included in this table.

Respondent	BSC clause	Comment	Ofgem decision
OVO Energy	C12.3.2 (b)	For the change process for implementation (12.3.2 (b)) we believe Ofgem needs to add some guidelines for Elexon's development of the Implementation change process to ensure a clear, articulate, transparent decision making process, with clear expectations on timescales for engagement. A process striking a balance between enough time to review/assess the impact, whilst ensuring the end to end process will support timely decision making is essential, to avoid the Switching Programme process issues where some change can be unnecessarily long winded. We look forward to seeing the process set out by Elexon, with the opportunity to comment via a MHHS Participant consultation before it is implemented.	We agree that a clear and transparent change process is required. The requirements for this are set out in paras 1.48-1.52 of the Governance Framework. Elexon is required to obtain Ofgem approval to the change process and we will require evidence that parties have been consulted on the change process before we approve it.
Elexon as IM	C12.4.1 (g)	Requirement for BSCCo to act in accordance with IPA's recommendations. Our reading of this clause is that the SRO must follow all IPA recommendations without discretion and the IPA can overrule a SRO decision. We believe it is the intent of the arrangements that it is the role of the SRO to make decisions, not the IPA's. However, we believe there should be a general obligation for the IPA to recommend, and an obligation on the BSCCo to explain (to the PSG) why BSCCo has not followed an IPA recommendation.	We agree and have made an amendment
Elexon as IM	C12.4.1 (h)	States BSCCo shall (either itself or through external service provider(s)) perform its MHHS Implementation Manager roles to act according to the Authority direction. We accept the general obligation for BSCCo to follow an Authority decision, although there should be an exception for BSCCo if non-compliance to the BSC obligation is caused by an Ofgem decision/direction.	We recognise the issue raised here and have added in a new 12.4.9 which requires BSCCo to notify the Authority of any such conflicts and comply with an Authority direction concerning such conflict.

Utilita	C12.4.6	Section 12.4.6 refers to programme costs, expenses and liabilities incurred by BSCCo are to be BSC Costs and therefore borne by BSC Parties. We believe it is important that Elexon in their role as MHHS Implementation Manager ensures any costs incurred remain cost efficient and reasonable at all times. We request that this is called out explicitly in their obligations.	We agree, and an amendment has been made to 12.4.1(c) and new paragraph 12.19 has been added to reflect this.
Scottish Power	C12.4.8	If it is envisaged that only one change of MHHS Implementation Manager, from the BSCCo to another entity, will take place, then the current drafting works. However, if BSCCo may not be the best body to take MHHS Implementation forward at a particular point, it is foreseeable that the replacement body may also not be. The drafting may therefore need to be revised and generalised to take account of this.	We agree, and an amendment has been made to 12.4.8 (c) to address this point.
Elexon as IM	C12.5.2 (a)	Elexon is required to identify 'any and all' necessary changes to energy licences. We believe that as the MHHS Programme Implementation Manager, we would be responsible for monitoring and identifying licence changes and raising this with Ofgem, but we note it would be Ofgem's role to direct the licence changes. Therefore, we agree that the Programme would monitor and identify and the obligation could reflect Ofgem's role to direct Licence changes.	We continue to believe that it is for the MHHS SRO to identify any necessary changes to energy licences that are required for MHHS Implementation. We have included 'further' in recognition that some such changes have already been identified. 12.5.2 does not require the MHHS SRO to take any steps to put licence change in place so we do not think any additional change is required.
Utilita	C12.6.2 (b)	Section 12.6.2 part b) refers to the BSCCo's responsibility in disseminating programme information. We believe the obligation should go further to require the establishment of a user-friendly central document store to ensure market participants are able to access information when they require it. Still to this day we find it difficult to locate up to date Switching Programme documentation through the Salesforce Portal and we would therefore recommend lessons to be learnt for this programme.	We do not consider that this requires any amendment to the BSC text. MHHS Programme has confirmed this is their intention in procuring a Lead Delivery Partner.
Elexon as IM	C12.5.2 (b)	The responsibilities of the MHHS SRO shall be to ensure modifications to the BSC needed for MHHS are developed and provided to the Authority. We note that, under the BSC, neither the SRO nor Elexon can ensure that modifications are raised (as Elexon is itself unable to raise modifications). MHHS Implementation Manager will assist development and progression of modifications where they can.	Noted. No drafting change required.

Elexon as IM	C12.5.2 (c)	This is an obligation to coordinate changes to other Industry Codes. To ensure this is efficient and delivers in accordance with the Programme, we would have expected the proposals to include an obligation on MHHS Code Bodies affected to ensure they comply with this obligation. This obligation would ideally be in the form of a change to the relevant Code or at least a letter to the Code Body and relevant Panel seeking confirmation that they will cooperate with Elexon.	We recognise this point and have added new paragraph 12.14.2 which requires code bodies to co-operate with the MHHS Implementation Manager.
Scottish Power	C12.6.2 (c)	Correction of a minor typographical issue	Correction made
Scottish Power	C12.6.2 (d)	This paragraph states that decisions that will ultimately require modifications ...are developed and consulted upon in accordance with ' good regulatory practice ' (emphasis added) a term which is not defined anywhere and should instead be replaced by 'Good Industry Practice', which is a defined term and is a broad enough concept to be properly applicable here.	We do not agree with this. This paragraph relates to the development of code changes that Ofgem will ultimately decide on. It is important that these changes are developed in accordance with the standards that Ofgem would otherwise apply to reach a view on these changes. It is therefore correct to refer to good regulatory practice in this context.
Elexon as IM	C12.6.2 (d)	States the responsibilities of the MHHS PMO include, ensuring that decisions that require Code modifications are developed and consulted upon. Whilst the MHHS Implementation Manager should have a role to monitor when modifications are raised and how they are progressing under other Codes, it will be for the relevant Code Bodies and their Panels to ensure the relevant modification processes are followed. Therefore the obligation for the progression of non-BSC modifications should sit with each relevant Code Body.	We continue to believe that the MHHS PMO have an important role in ensuring that the necessary steps are being undertaken by code bodies. We do not believe any change is required to the drafting here.
OVO Energy	C12.6.2 (g) (h)	is there a reason why Ofgem as the programme sponsor would not also like to see the PMO progress and RAID reporting against the Implementation Timetable, at the same time as the SRO & PSG?	We agree, and have amended the drafting accordingly.
IMServe	C12.7.1	The drafting of the obligations are too IT-centric and miss the wider needs of programme participants to have a clear design baseline to develop services to. MHHS and the new TOM introduces new services, admittedly very dependent on IT to deliver, but new and modified services are at the heart of the specification. For example, the description of the MHHS DA in 12.7.1 of the Proposed Code Changes describes the design of IT interfaces as its primary purpose, when its role is broader than that – as an industry we also need clear business	We agree and have amended the drafting to include business processes.

		processes that describe how we use these IT interfaces, both in normal and exceptional cases.	
Utilita	C12.8.2 (c)	Section 12.8.2 details the responsibilities of the MHHS SI including part c) which obligates assistance being provided to MHHS Participants in complying with their obligations under each MHHS Test Plan. Key to this is obligation being met is providing timely and expert assistance otherwise if there is inadequate party support, this risks programme milestones not being achieved.	We agree, and have amended the drafting accordingly.
Elxon as IM	C12.9	States the role of the PPC. We believe the clause should include an obligation to assess, monitor and validate programme participant readiness. We would welcome the additional wording.	We have added in a new paragraph 12.9.2 (c) which covers monitoring and reporting. We have not included validation as an obligation, as we believe that elements of this will sit with the IPS. This does not prevent the PPC from carrying out such validation activities as it considers necessary to ensure that it has accurate information.
Elxon as IM	C12.10.2	The IAP shall owe a duty of care to the Authority. We are concerned there is an obligation to the Authority, but not to BSCCo or the Programme. Therefore we believe the IPA duty of care to the Authority should be extended to the BSCCo or removed.	We consider that the wording relating to a duty of care was unnecessary and we have removed it. The IPA will in any case owe a duty of care to the Authority as the Authority will be contracting this service.
Elxon as IM	C12.10.4	States the SRO has a responsibility for the IPA role. If the IPA does not perform, even though the SRO will manage the contract day to day, it won't be party to the contract, so the SRO can't enforce it. Therefore, we believe that we cannot be responsible for the IPA performance and suggest this requires further consideration.	We recognise the concern, and have amended 12.10.4 to take account of this constraint.
Elxon as IM	C12.10.5	States where there are disagreements between the MHHS Implementation Manager and MHHS Participants in relation to the MHHS Implementation, then the SRO should be making the Programme decisions, unless the decision is above Ofgem's threshold criteria, which will mean The Authority will make the decision. Therefore we believe the obligations text should be changed to reflect the SRO and The Authority's role and if decision making is above the threshold.	We agree, and have amended the wording accordingly.

Scottish Power	C12.10.5 (c)	We suggest that an explicit duty on the Independent Assurance Provider to monitor and report on issues with conflicts of interests and BSCCo's separation of its roles is included in this paragraph.	We agree. A new sub-paragraph 12.10.5 (c) has been added which covers MHHS IM compliance with its obligations under paragraph 12, which includes separation and conflict of interest.
Scottish Power	C12.10.5 (g)	We suggest that an explicit duty on the Independent Assurance Provider to monitor and report on issues with conflicts of interests and BSCCo's separation of its roles is included in this paragraph.	We agree. A new sub-paragraph 12.10.5 (c) has been added which covers MHHS IM compliance with its obligations under paragraph 12, which includes separation and conflict of interest.
Scottish Power	C12.11.1	Correction of a minor typographical issue	Correction made
Scottish Power	C12.12.1 (a)	Sub-paragraph 1(a) refers to new and modified "business processes". Failure to meet this obligation to modify or create new processes for MHHS Implementation could result in enforcement action by the Code Panel. Such "MHHS Processes" should be defined as those in a "MHHS Process Dictionary" (or similar), which should be defined as a document to be produced and made available to participants by the SRO.	MHHS Participants will have to determine which of their own business processes require to be changed and how in order to implement MHHS. It is open to MHHS Participants to establish a group to define an MHHS Process Dictionary if they consider that would be helpful. The Code Panel does not have an enforcement role in respect of paragraph 12 other than in relation to qualification and migration.
Scottish Power	C12.12.1 (d)	Proposed addition of 'insofar as reasonably practicable'	We have amended this to say 'unduly compromise or delay'. We believe this introduces an appropriately proportionate response.
Utilita	C12.12.1 (d)	This refers to Market Participants refraining from any action which would compromise or unduly delay MHHS Implementation. We cannot support this when there may be genuine instances where we have to take business actions to provide customers with the support they need. As Utilita is a specialist prepay supplier that operates under a price cap, Utilita may have limitations on how much resource it can provide this programme depending on the circumstances it is operating in. For example, winter cold snaps and the COVID-19 pandemic have required us to divert operational activity and IT Development resource from future projects to support new, unexpected and unprecedented pressure on specific areas of the business. Consequentially, focus on industry	We have amended this to say 'unduly compromise or delay'. We believe this introduces an appropriately proportionate response.

		driven projects not crucial to the day to day 'keeping the lights on' activities were reduced to allow for normal activities to be re-engineered.	
Scottish Power	C12.12.1 (e)	Amend to 'comply with its obligations under the MHHS Governance Framework'	We do not consider that any change is required.
Scottish Power	C12.12.1 (h)	Proposed addition of 'insofar as reasonably practicable'	We do not agree and have not made any change.
Elexon as IM	C12.12.1 (f)	States the provision of information. We would support a similar obligation on Programme participants for providing programme information, including information such as programme plans.	We consider that this obligation is already included within the drafting, but have added a specific reference to participants' programme plans for clarity.
OVO Energy	C12.12.2	The MHHS Implementation Timetable has been set on the basis of engagement with parties and evidence as to an appropriate and overall cost effective implementation timetable, and will be subject to evidence-based review and change as appropriate." The review of the timetable with industry participants was understandably high level earlier this year (where the detailed design is yet to be finalised, with limited ability for anyone to provide evidence of the timetable achievability). However, OVO urges Ofgem to plan for an implementation plan review and consultation next year once the final design requirements from CCDG have been confirmed (due spring/summer 2022), to test the delivery timescales in the way they expect to as change is assessed for impacts.	We agree and confirm at 6.10 above our expectation that the plan review should take place next spring once final design requirements are known. No drafting changes are required.
BUUK	C12.12.2	As worded this obligation places little onus on the Elexon SRO to engage with stakeholders to understand the implications of their proposals or any changes that they may make to an agreed baseline. It appears to be a pay-up and challenge later approach that does not appear justified or warranted in a collaborative industry programme.	We do not agree that this is a pay-up and challenge later approach. On the contrary, the change process requires a full industry cost impact assessment to be carried out for any change before a decision on the change can be taken.
Scottish Power	C12.12.3 (e)	Proposed addition of 'as reasonably required'	A drafting change has been made to achieve this affect.
Scottish Power	C12.12.4 (a)	Proposed addition of 'insofar as reasonably practicable'	We do not agree that this is appropriate. Participants will have the opportunity to comment on any Data Cleansing or Data Migration Plan before it is approved. They should bring to the SRO's attention any requirements that they consider could not be delivered. Once a plan is approved, all

			participants should comply with it as required.
Scottish Power	C12.12.5 (a)	Proposed addition of 'insofar as reasonably practicable'	We do not agree that this is appropriate. Participants will have the opportunity to comment on the Defect Management Plan before it is approved. They should bring to the SRO's attention any requirements that they consider could not be delivered. Once a plan is approved all participants should comply with it as required.
Scottish Power	C12.12.5 (c)	Proposed addition of 'in so far as this is within its control'	Participants will have the opportunity to comment on the Defect Management Plan before it is approved. They should bring to the SRO's attention any requirements they consider could not be delivered. Once a plan is approved all participants should comply with it as required.
Elexon as IM	C12.17	We note the description could be interpreted as duplicating many of the PMO, SI and PPC activities. We understand from the IPA Principle, the IPA should be providing third-line, rather than second-line support (which is provided by the Implementation Manager). To avoid duplication of roles, the obligation should be more explicit about the third-line assurance role, and the supporting and sample checking of second-line assurance activity, conducted by the Implementation Manager.	We note the concern about duplication between programme roles. We do not consider that any changes are required to the BSC drafting, but we have worked closely with MHHS Programme to ensure that potential duplication between roles is avoided as these services are procured.
Elexon as IM	C12.17.2	Dis-applies a useful role of PAB (Performance Assurance Board) and Panel. We believe the role and authority of the PAB and Panel should not be curtailed, in monitoring settlement performance, if this relates to or supports the implementation of MHHS. It should be for the PAB and Panel as to how they exercise their responsibilities.	We do not agree. We believe that it is important for many reasons that compliance with the programme should be managed within the programme wherever possible and appropriate.
Scottish Power	C12.17.3 (a)	This is unnecessarily onerous, particularly when participants are required to undergo self-assurance reporting and the requirement for directors to sign-off plans. Scottish Power suggests that this requirement is imposed only as a corrective control not a preventive control, in the event that Ofgem has reasonable grounds to believe that the party's plans are deficient. Scottish Power believes the application of this technique should	We agree that this control should be used as a corrective control and we expect it only to be used where the IPA has identified specific concerns with a participant that require further assurance. We do not consider that any change to the drafting is required.

		be ex post, contingent on review by and recommendations of the Independent Assurance Provider or the Programme Party Co-ordinator.	
Scottish Power	C12.17.4	Proposed addition of 'insofar as reasonably practicable'	The obligation in the BSC refers to the Governance Framework. Paragraph 1.16 requires participants to submit relevant information to the IPA when asked, and to take such reasonable steps as the IPA recommends, including any re-assurance which is recommended. We consider that this is sufficient to ensure that the requirements are proportionate.

Respondent	Other codes	Comment	Ofgem decision
National Grid ESO	CUSC 8.2.3	Make the following changes: "The Company shall National Grid Electricity System Operator Ltd ('NGESO Ltd') (and the Panel shall ensure that the Code Administrator NGESO Ltd shall) comply with the obligations expressed to apply to the Company NGESO Ltd (either specifically or generally as a category of participant) under section C12 (Market-wide Half Hourly Settlement Implementation) of the Balancing and Settlement Code."	We agree and have made these changes.
Scottish Power	CUSC 8.2.3	Replace 'participant' with 'MHHS Participant as defined in the Balancing and Settlement Code'	We believe that the existing drafting is correct.
Scottish Power	DCUSA 7.42	Replace 'participant' with 'MHHS Participant as defined in the Balancing and Settlement Code'	We believe that the existing drafting is correct.
Scottish Power	REC 5.24	Replace 'participant' with 'MHHS Participant as defined in the Balancing and Settlement Code'	We believe that the existing drafting is correct.
Scottish Power	SEC C7.13	Replace 'participant' with 'MHHS Participant as defined in the Balancing and Settlement Code'	We believe that the existing drafting is correct.
SEC Panel	SEC C7.13	We do note that Ofgem's intention behind the drafting is to "ensure that code administrators are obliged to identify, plan and deliver all necessary changes on a timescale that is consistent with the baselined MHHS implementation plan". However, this current drafting places obligations on SECCo. SECCo is the corporate entity for the SEC, but it is SECAS who is the Code Administrator (undertaking prescribed functions under the oversight of the SEC Panel). We therefore believe the drafting of the new section C7.13 should be moved to C7.2 (L) (Code Administrator) and amended to say "SECAS" rather than "SECCo".	We continue to believe that the obligation sits properly on SECCo, though SECCo may well delegate this role to SECAS (ie SECCo's contractor as Code Administrator and Secretariat).

Appendix 2

Table of code drafting changes as compared with the consultation version

1.2. The document below sets out the changes we have made to the version of the codes legal drafting on which we consulted in April 2021. Changes are shown in red text. Text is underlined where new text is included and is shown in strike-through where text is deleted.

BSC Section C code changes (amendments since the consultation in red font)		Source/comments
12.1.2	This paragraph 12 contains obligations on BSCCo as MHHS Implementation Manager, and on Parties (including BSCCo) as MHHS Participants. It also places obligations on certain entities which are not Parties. Compliance by these entities is required by other Industry Codes to which they are party <u>or by their licences</u> .	Clarification
12.4.1 (c)	<u>economically and efficiently and</u> with due consideration of the total cost to and impact on MHHS Participants, and taking into account (in so far as is relevant and possible) the likely impact on consumers;	See Para 2.18
12.4.1(g)	(save as otherwise directed by the Authority) in accordance with <u>taking into account</u> the recommendations from time to time of the MHHS Independent Assurance Provider (and, if BSCCo opts not to follow such a recommendation, BSCCo shall notify the Authority of BSCCo's reasons for not following the recommendation); and	See Appendix 1
12.4.3	BSCCo shall ensure that the service providers, personnel, IT Systems and facilities it uses to perform its role as MHHS Implementation Manager are sufficiently separated from those it uses as an MHHS Participant, as further described <u>and set out</u> in the MHHS Governance Framework <u>and a business separation plan to be approved by the Authority. The Board shall ensure that BSCCo complies with this paragraph 12.4.3. Without limitation, the Board shall maintain appropriate delegations to specified executive members and the MHHS SRO (and, by extension, the rest of MHHS Implementation Manager function. BSCCo shall ensure that, where it does need to share any MHHS Implementation Manager information with its executive or board members to facilitate the performance of their oversight responsibilities, such information is anonymised between MHHS Participants. BSCCo shall also ensure that the Authority and the MHHS Independent Assurance Provider are informed that the information has been shared and provided with a record of any decisions in relation to it. Subject to such oversight, and notwithstanding programme information available to MHHS Participants, information available to the MHHS Implementation Manager roles must not be shared with the rest of BSCCo (including the Board).The Board shall be entitled to ask the MHHS Independent Assurance Provider to</u>	Further detail on BSCCo separation arrangements. See Executive Summary

	<u>consider and report on any matter in relation to performance of the MHHS Implementation Manager roles and such reports shall be made available to all MHHS Participants, unless the Authority directs otherwise.</u>	
12.4.4	<u>As set out in paragraph 12.4.1, BSCCo has the option to appoint an external service provider to perform some or all of its MHHS Implementation Manager roles. BSCCo can also delegate aspects of each role (including to industry groups). However, BSCCo shall always remain responsible under this Code for the performance of the MHHS Implementation Manager roles (subject to paragraph 12.4.8).</u> As regards each of the MHHS Implementation Manager roles, BSCCo shall publish a statement on the BSC Website providing an explanation of its decision as to whether or not to appoint an external service provider to perform such role. Where directed by the Authority, BSCCo shall appoint an external service provider to provide one or more of the MHHS Implementation Manager roles. <u>Where directed by the Authority, BSCCo shall terminate all or part of a contract between BSCCo and an external service provider of an MHHS Implementation Manager role, and appoint a replacement service provider to that role. BSCCo shall always remain responsible under this Code for the performance of the MHHS Implementation Manager roles.</u>	Clarification of BSCCo ongoing accountability for IM roles.
12.4.8(a)	BSCCo shall cease to perform the relevant role(s), <u>BSCCo shall have no further obligations or responsibilities in the relevant role(s) (other than under this paragraph 12.4.8),</u> and the remainder of this paragraph 12 shall be interpreted accordingly;	Clarification of transfer for IM responsibilities
12.4.8(b)	the MHHS Implementation Manager <u>(insofar as it has continuing roles)</u> and each MHHS Participant shall co-operate and provide reasonable assistance in relation to the transfer of functions;	Clarification of transfer for IM responsibilities
12.4.8(c)	BSCCo shall, if so directed by the Authority <u>from time to time (including in the case of successive replacements), enter into a contract with and pay</u> the replacement provider of the relevant role(s) <u>for the payment of the replacement provider's charges</u> on the contract terms directed by the Authority <u>(and comply with such contract);</u> and	See Appendix 1
12.4.8(d)	the MHHS Implementation Manager <u>(insofar as it has continuing roles)</u> 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).	Clarification of transfer for IM responsibilities
12.4.9	<u>If BSCCo identifies a conflict between two or more of its obligations under this paragraph 12 or between its obligations under this paragraph 12 and its obligations under another part of this Code, then BSCCo shall immediately notify the Authority of such conflict, and shall comply with the Authority's directions concerning such conflict.</u>	Clarification addressing the risk of conflict between BSCCo obligations
12.5.1	BSCCo shall act as and perform the role of the 'Senior Responsible Owner' for MHHS Implementation (the " MHHS SRO "). The MHHS SRO shall be responsible for delivery of MHHS Implementation in accordance with the MHHS Implementation Timetable, and accountable for ensuring that MHHS Implementation delivers the MHHS Target Operating Model and achieves the other outcomes specified by the Authority as part of the market wide half-hourly settlement Significant Code Review. <u>The MHHS SRO shall perform its role in</u>	Clarification that BSCCo responsibilities relate to the latest relevant baselines approved by the Authority.

	<u>accordance with the design and implementation baselines determined by the Authority, as they are amended from time to time in accordance with the MHHS Governance Framework.</u>	
12.5.2(a)	identifying, and informing the Authority of, any and all <u>further</u> modifications to energy licences which are required for MHHS Implementation;	See Appendix 1
12.5.2(c)	<u>monitoring and</u> co-ordinating the development of the modifications to other Industry Codes which are required for MHHS Implementation (in conjunction with the MHHS Affected Code Bodies and in consultation with MHHS Participants), and ensuring that those modifications are presented to the Authority for implementation;	Clarification of MHHS IM role regarding changes to codes other than BSC implementation;
12.6.2(c)	establishing and administering the document change control process as required by the MHHS Governance Framework (where relevant, in conjunction with the MHHS DA), including impact assessment and consultation (which must include consideration against any factors specified in the MHHS Governance Framework, and cover impact on consumers, <u>total and component costs to industry as a whole and costs</u> to different classes of MHHS Participants, and the <u>effect on likely impact on the ability of</u> MHHS Participants to meet the MHHS Implementation Timetable);	Clarification that Impact Assessments must cover total cost to industry
12.6.2(g)	tracking and reporting on progress against the MHHS Implementation Timetable to <u>the Authority</u> , the MHHS SRO and the MHHS Programme Steering Group; and	See Appendix 1
12.6.2(h)	identifying risks to successful completion of MHHS Implementation Timetable milestones (including via a risk, assumptions, issues and dependencies (RAID) log), reporting on those risks to <u>the Authority</u> , the MHHS SRO and <u>the</u> MHHS Programme Steering Group, and proposing to the MHHS SRO measures to address those risks.	See Appendix 1
12.7.1	BSCCo shall act as and perform the role of the 'Design Authority' for MHHS Implementation (the " MHHS DA "). The MHHS DA shall be responsible for securing the robust and stable design of the <u>business processes and</u> IT Systems via which market-wide, half-hourly Settlement is to be provided, including the existing and new IT Systems of BSCCo and any other new central IT System and the interface of those IT Systems with those of other MHHS Participants (but excluding the IT Systems of such other MHHS Participants).	See Appendix 1
12.8.1	BSCCo shall act as and perform the role of the 'Systems Integrator' for MHHS Implementation (the " MHHS SI "). The MHHS SI shall be responsible for securing the robust and stable integration of the <u>business processes and</u> IT Systems to be used by MHHS Participants for the purposes of market-wide, half-hourly Settlement (<u>including integration with the business processes and IT Systems which are the subject to paragraph 12.7</u>).	See Appendix 1
12.8.2(c)	providing <u>timely and expert</u> assistance to the MHHS Participants in complying with their obligations under each MHHS Test Plan;	See Appendix 1
12.9.2(c)	<u>monitoring each MHHS Participant's progress against key milestones in the MHHS Implementation Timetable, and reporting to the MHHS SRO and the MHHS Programme Steering Group on such progress;</u>	See Appendix 1

12.10.2	Although the MHHS SRO will pay for the services of the MHHS Independent Assurance Provider and will <u>be contracted by the Authority, the MHHS SRO shall</u> manage <u>such aspects of</u> the MHHS Independent Assurance Provider's service provision <u>as are described in the MHHS Governance Framework or as the Authority may from time to time direct in accordance with 12.10.4, such services shall be contracted by the Authority and the MHHS Independent Assurance Provider shall owe a duty of care to the Authority.</u>	See Appendix 1
12.10.4	<u>Insofar as reasonably practicable (given the extent of the MHHS SRO's management function under paragraph 12.10.2)</u> Save as otherwise directed by the Authority, the MHHS SRO shall ensure that the MHHS Independent Assurance Provider performs its role:	See Appendix 1
12.10.4(e)	in accordance with <u>this paragraph 12 and the Authority's contract with the MHHS Independent Assurance Provider and/or Authority or any MHHS Programme Steering Group directions from time to time.</u>	Consequential to the above
12.10.5(c)	<u>monitoring and providing assurance that the MHHS Implementation Manager is complying with its obligations under this paragraph 12;</u>	See Appendix 1
12.10.5(d)	where there are disagreements between the MHHS Implementation Manager and MHHS Participants in relation to MHHS Implementation, providing an independent assessment of the issue and <u>making recommendations to the MHHS SRO and the Authority</u> for resolution;	See Appendix 1
12.10.5(g)	e Ensuring that there is independent assurance of compliance with the MHHS ISMS.	Correction
12.11.1	Separate from its role as MHHS Implementation Manager, BSCCo is an MHHS Participant. In addition to its general obligations as an MHHS Participant (as to which see paragraph 12.12), BSCCo also has particular responsibilities as an MHHS Participant in respect of the MHHS Qualification Plan and the MHHS Migration Plan.	See Appendix 1
12.11.3(d)	BSCCo shall provide reasonable information, advice and support to all the relevant MHHS Participants to support them in completing the required migration of Metering Systems.	Consequential numbering change
12.12.1(d)	refrain from any action which would <u>unduly</u> compromise or unduly delay MHHS Implementation;	See Appendix 1
12.12.1(f)	provide the Authority, the MHHS Independent Assurance Provider or MHHS Implementation Manager with such information as they may reasonably request in relation to MHHS Implementation, including regarding the MHHS Participant's planning for and progress in relation to MHHS Implementation <u>(including progress against its own programme plan);</u>	See Appendix 1
12.12.3(e)	they must provide all information and , access <u>and co-operation</u> reasonably required by the MHHS SI, co-operate with the MHHS SI, and act in accordance with the reasonable instructions of the MHHS SI.	See Appendix 1
12.12.7	Each MHHS Participant is responsible for ensuring that its agents, employees, service providers and other contractors <u>(including its Party Agents)</u> undertake the activities necessary to enable such MHHS Participant to comply with its obligations as an MHHS Participant. Lack of co-operation from such third parties shall not excuse delays or failures on the part of an MHHS Participant.	Clarification that Party Agents are included within MHHS Participant scope of responsibility
<u>12.14.1</u>	Although not all of the MHHS Affected Code Bodies are a Party to this Code, each of those that is not a Party has an obligation in the relevant Industry Code to comply with the obligations expressed in this Code to apply	Consequential numbering change

	to the MHHS Affected Code Bodies as an MHHS Participant, including those that apply to MHHS Participants generally.	
<u>12.14.2</u>	<u>Without limiting the application of paragraph 12.4.1, each MHHS Affected Code Body shall provide such co-operation and information as the MHHS Implementation Manager reasonably requires for the purpose of performing its obligations under this paragraph 12 in respect of the MHHS Affected Code Body's Industry Code.</u>	See Appendix 1, addresses the point at 12.5.2(c)
12.19	MHHS Implementation: Additional Budget Requirements	See Para 2.18.
<u>12.19.1</u>	<u>When BSCCo produces draft Annual Budgets and Annual Budgets under paragraph 6.4, and when BSCCo produces draft revisions and revisions to Annual Budgets under paragraph 6.5 or 6.6, BSCCo shall (in addition to its obligations under paragraph 6):</u> <u>(a) identify the costs which relate to BSCCo's role as MHHS Implementation separately from BSCCo's other costs;</u> <u>(b) present those aspects which relate to these costs to the MHHS Programme Steering Group; and</u> <u>(c) take into account representations received from the MHHS Programme Steering Group, and provide a written explanation to the MHHS Programme Steering Group of the changes which are made as a result of such representations or (if changes are not made) of why BSCCo has not made such changes.</u>	Additional text to require transparency and consultation on the MHHS implementation costs.
<u>12.20</u>	MHHS Implementation: Sunset Provision	See para 2.24. Provides that paragraph 12 will be deleted when the Authority confirms that MHHS Implementation is complete or sufficiently complete
<u>12.20.1</u>	<u>Once the Authority has confirmed for the purposes of this paragraph 12.20 that MHHS Implementation is complete (or sufficiently complete), then this Code shall automatically be modified by the deletion of this paragraph 12 and by any consequential amendments to the remainder of this Code as the Authority may direct.</u>	
<u>12.20.2</u>	<u>Such deletion of this paragraph 12 shall be without prejudice to the rights and obligations arising under this paragraph 12 prior to its deletion.</u>	
CUSC Add new Clause 8.2.3	"Market-wide Half-Hourly Settlement Implementation 8.2.3 The Company shall National Grid Electricity System Operator Ltd ('NGESO Ltd') (and the Panel shall ensure that the Code Administrator NGESO Ltd shall) comply with the obligations expressed to apply to the Company NGESO Ltd (either specifically or generally as a category of participant) under section C12 (Market-wide Half Hourly Settlement Implementation) of the Balancing and Settlement Code."	See Appendix 1

Appendix 3

Table of changes to the Governance Framework as compared with the consultation version

1.3. The document below sets out the changes we have made to the version of the Governance Framework on which we consulted in April 2021. Changes are shown in red text. Text is underlined where new text is included and is shown in strike-through where text is deleted.

Governance Framework (changes since the consultation in red font)	Source/comments
1.7 Unless Ofgem decides otherwise, Elexon (as BSCCo under the BSC) will perform the role of MHHS Implementation Manager (MHHS IM), which includes the component roles of: <ul style="list-style-type: none"> • Senior Responsible Owner (SRO); • Programme Management Office (PMO); • Design Authority (DA); • Systems Integrator (SI); and • Programme Party Co-ordinator (PPC). 	Clarification
1.10 <u>Ofgem will then be able to make directions concerning any issues identified, which may include directing Elexon to amend its business separation plan (noting the Elexon is required under the BSC to comply with Ofgem's directions concerning implementation).</u>	See Executive Summary (Independent Programme Assurance)
1.11 <ul style="list-style-type: none"> • any others directed by the Authority. 	Correction
1.14 The focus of the IPA will be to provide evidence throughout the implementation of MHHS to <u>the SRO</u> , the PMO, to the Programme Steering Group and ultimately to Ofgem, to support key decision points, milestones and quality gates in the programme and to assure that the information the programme is being provided by the relevant organisations is accurate, timely and complete, although the IPA will not be assuring each individual MHHS Participant as a matter of course.	Correction and clarification
1.15 The IPA may also be called on from time to time, to provide independent advice on matters arising which could impact on the delivery of the Programme. Whilst Ofgem will contract with the assurance provider, <u>the SRO Elexon</u> will be responsible for contract management and shall instruct the assurance provider in accordance with reasonable requests for assurance reports from the Programme Steering Group. The IPA will owe a direct duty of care and responsibility to Ofgem, as Programme Sponsor.	See Para 4.5
1.17 All participants must also undertake their own internal assurance which may or may not be performed by an independent assurer. Amongst other things, participants may be required to provide board statements <u>(signed by a board director)</u> of readiness which are required at relevant milestones.	See para 2.16

1.18	The role of the IPA assurance provider will not be to repeat the assurance activities of the individual organisations, the System Integrator or the Programme Party Coordinator. The IPA assurance provider should look at each organisation in sufficient depth to be able to provide insight into the delivery of parties’ obligations in respect of the programme, but may regard an individual organisation’s assurance reports, or reports from the SI or PPC as relevant evidence.	Clarification
1.19	The IPA will should work closely with each of the central programme parties, including Elexon as the BSC system provider and DCC, as well as the SRO , PMO, SI and PPC to ensure that all central programme documentation and plans are developed in accordance with programme principles around timeliness, transparency and consultation, and meet quality requirements.	Clarification
1.24	In respect of the assurance services being carried out, Elexon, in its MHHS Implementation Manager role, will be subject to the same assurance approaches irrespective of the fact that Elexon is acting as the day-to-day contract manager of the IPA. In providing its assurance of Elexon activities, the assurance provider should also seek regular assurance on an on-going basis that Elexon itself, in its roles as MHHS IM of SRO, Design Authority and PMO , is not giving any preference to Elexon in its role as BSC system provider, for example, testing, defect triage, the resolution of defects and issues, change impact assessments, the provision of Integration services and environments, etc.	Clarification
1.28	Each industry group must draw-up, publish and comply with a terms of reference document. Elexon, as MHHS Implementation Manager, will facilitate this process.	See Para 3.3
1.31	The PSG and other industry working groups will also have an important role to play in ensuring proper consultation of MHHS participants and other stakeholders, In order to facilitate timely canvassing of constituents’ views, the PSG will establish indicative timelines for circulating and gathering feedback on papers in advance of PSG meetings.	See Para 3.5
1.33	The following sections set out the role of each initial group and how they interact with each other, including the decision-making structure. The diagram below shows the generic structure:	See para 3.14. Note, we have not reproduced the new diagram here. Please refer to the governance framework.
1.34	[has] set the design and implementation plan baselines in the Decision Document published in April 2021.	Correction
1.36	Where the SRO is unable to achieve consensus they will articulate the reason for their decision, and the dissenting voices, and seek the views of the independent assurance provider as to whether the matter meets the thresholds criteria for reference to Ofgem.	Clarification
1.36	The PSG will comprise: <ul style="list-style-type: none"> • SRO - Chair • MHHS IM’s Programme Director Manager • PMO • SI • PPC 	See paras 3.6 to 3.8

	<ul style="list-style-type: none"> • Independent Assurance Provider • Elexon as BSC sSystems provider • DCC as smart meter central system provider • <u>National Grid Electricity System Operator</u> • Any other provider of a central system required for MHHS implementation (e.g. comm<u>unication</u>s provider) • 1 large supplier representative • 1 medium <u>supplier representative</u> • <u>1</u> small supplier representative • <u>1 non-domestic supplier representative</u> • 2 supplier agent representatives, <u>at least one of which must be nominated by independent supplier agents</u> • 1 DNO representative • 1 iDNO representative • 1 consumer representative (someone with extensive industry change programme delivery experience with a remit to represent consumer interests) • Ofgem would be invited to attend as an observer. 	
1.37	- procured <u>and ultimately managed</u> by Ofgem, <u>subject to contract</u> management d by Elexon as MHHS IM	See Executive Summary (Independent Programme Assurance)
1.41	Design Authority (level 3 group) – chaired by Elexon as MHHS IM with <u>a similar industry</u> representatives <u>structure to the PSG</u>	Amended to reflect the new governance diagram. Also, see para 3.11
1.42	Design working groups (level 4 groups)	Amended to reflect the new governance diagram.
1.43	Implementation Group (level 3 group) – chaired by the PMO with <u>a similar industry</u> representatives <u>structure to the PSG</u> : is responsible for oversight of the implementation process. The Implementation Group should be made up of <u>MHHS participant industry</u> representatives	Amended to reflect the new governance diagram. Also, see para 3.11
1.44	Implementation Working Groups (level 4 groups)	Amended to reflect the new governance diagram.
1.45	Cross Code Advisory Group (level 3 group)	Amended to reflect the new governance diagram.
1.54	This process shall <u>allow any MHHS participant to raise a change, and shall</u> ensure that changes are subject to impact assessment and consultation with relevant stakeholders	See para 3.17
1.57	<ul style="list-style-type: none"> • any decisions that would require a material or fundamental change to the Target Operating Model. A material or fundamental change would include:<u>;</u> 	Corrections

	<ul style="list-style-type: none"> - aA change that materially changes the TOM services (for example a change for what they are responsible for, or who can carry them out); - aA change to any of the policy decisions made on access to data or agent functions; - aA creation of business process Service Level Agreements (SLAs) that would impact the reduced settlement timetable; - aA change which means the TOM would no longer meet the TOM Design or TOM Development Principles; and/or - aA change to the settlement timetable. 	
1.57	<ul style="list-style-type: none"> • any decisions that could have a the significant impact on competition or market stability, <u>including where a situation arises in which a party or parties argue that their interests are being treated less favourably, without good reason, than those of other parties; and</u> 	See para 5.13
1.57	<ul style="list-style-type: none"> • any decision that could have a significant impact on consumers; and/or • <u>any significant changes to this governance framework, including where changes are proposed to the scope of the IPA’s remit or to the criteria or thresholds for Ofgem intervention.</u> 	See para 5.19
<u>1.58</u>	<u>For clarity regarding the first bullet above, once a change to (for example) a level 1 milestone is agreed by Ofgem then the plan would be re-baselined on that basis and any subsequent movement of a level 1 milestone by 3 months or more from that plan would again require Ofgem approval.</u>	See para 5.9
	<u>Elexon Costs</u>	See para 2.6
1.67	<u>The BSC requires Elexon to ensure that costs it incurs as MHHS IM are economically and efficiently incurred, and to keep separate records of these costs.</u>	
1.68	<u>The BSC also requires Elexon to separately identify these costs in preparing and revising its annual budgets, and to report on these costs to the PSG.</u>	
1.69	<u>The PSG shall review each draft budget and draft budget revision provided to it by Elexon. The PSG shall seek representations from stakeholders not directly involved in PSG. The PSG shall provide critical feedback to Elexon on each budget and seek to hold Elexon to account in terms of ensuring costs are economically and efficiently incurred.</u>	