MHHS PROGRAMME

Market-wide Half Hourly Settlement (MHHS) Programme Governance Framework

Consultation Questions

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Market-Wide Half Hourly Settlement – Programme Governance Consultation Questions

Introduction

It is anticipated that the high-level Programme governance structure will be directed by Ofgem in autumn 2021 through their SCR powers. Ofgem's proposed direction will place programme governance arrangements under the BSC. All programme governance documents will sit below this overarching framework.

The MHHS Programme is consulting on a proposed governance framework because:

1. Programme governance arrangements are likely required before autumn 2021.
2. MHHS Programme documentation needs to be more detailed than the overarching BSC framework.
3. The MHHS Programme wishes to be transparent and build a stronger framework through consulting with programme participants.

To support the Governance Framework we would be grateful if responders can provide their views of the proposed framework and the questions below. All comments received will be assessed by the MHHS Programme and used to feed into an amended MHHS Governance Framework documentation. Outstanding issues will be noted and taken to an appropriate programme decision group for discussion and action.

Feedback and comments should be sent to SRO@mhhsprogramme.co.uk.

MHHS Programme Governance Framework Questions

A - Programme Objectives

We have proposed programme governance framework objectives.

1) Do you support the proposed MHHS Governance Framework objectives as set out in 3.4? (Please can you give reasons for your answer)

OVO agrees in principle with the Framework objectives.

B - Governance Structure

The MHHS Programme has created a four level governance framework model. Ofgem are the highest decision maker at Level 1. PSG are proposed to be the primary programme decision maker at Level 2. Other decision making groups will be at Level 3. It is proposed this will include Implementation, Design and Cross Code decision groups. Workgroups and subgroups will be at Level 4.

2) What are your views on the proposed governance structure, including decision levels, decision groups and workgroups in sections 3.5 & 3.6?

OVO welcomes programme governance which has transparent, publicly (where appropriate) available information, an efficient process and the opportunity to input into the discussions and decisions when developing the programme outputs. We look forward to the consultation and discussion setting out the details of how this strawman will work in practice; what, when (timetable and service-levels), how. To bring surety and stability to the programme for the majority of the work and allow better management of issues or exceptions.

This surety will be necessary for Programme Participants (industry and code bodies) to be able to plan and resource the different Governance groups, thus identifying and de-risking experienced, knowledgeable resource constraints where possible. Noting the number of experts from industry and code

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administrators/managers are finite and will be called on to engage with this programme, at the same time they already have BAU code work and other programmes to engage with.

We hope that;

- **programme information** will be held on an easily accessible, transparent, programme repository, with clear filing, version numbering.
- **programme communications** for governance consultations, discussions and decisions are clear and received in good time for Programme Participants to engage.
- **there will be a planned schedule of the Programme Steering Group (PSG) and Decision meetings**; to enable both pre-meetings with the industry representatives can be planned/arranged/resourced. That this plan considers the best timetable for decision referrals to be made, allowing Programme Participants to engage, but without creating unnecessary delays.
- **there will be a plan of the anticipated milestone outputs**; again for clear planning, review, analysis, commentary/feedback

We look forward to a clearer picture of the anticipated service levels for the majority of outputs/decisions. Allowing time to engage, but which does not stop exceptional ad-hoc, fast track decisions for shorter, distinct pieces of work.

Whilst OVO can understand the need to refer decisions where consensus cannot be formed, we are concerned that the proposed approach to refer up, until consensus is formed or the SRO makes the decision for all is fraught with issues.

- adding complexity, especially if referred to multiple groups; where clear, timely communications and record update will be required to avoid confusion. Otherwise Programme Participants may be unaware of which group a decision now sits with, why consensus was not achieved and a referral was required and when it will be discussed.
- that a group's representatives may not have the relevant skills or knowledge to make an informed decision on the matter being referred.

The strawman has remained silent on why the alternative approach of having decisions referred to the Programme Steering Group (PSG) has been discounted.

Meeting and Paper Frequency

OVO welcomes a meeting frequency of monthly to plan the initial Level 2 and 3 groups work and the ability to set up ad-hoc meetings when required or plan a Level 4 groups work with the right frequency meetings.

OVO agrees papers should be made available 5 w/d in advance of a meeting. We would recommend that the service level is set to the papers being received 6 w/d in advance of the meeting, so that if this is at 17:00 Programme Participants get a FULL 5 w/d to review, develop response, engage with constituency rep (we have seen recent interpretation under codes where in practice parties have only had 4 w/d).

OVO believes outputs from Level 2, 3, 4 meetings being published 10 w/d after each meeting is too late. This would mean the discussion and outcome being available only 5 w/d before the next meetings papers are received. Whilst we understand that it can take some time for the content and accuracy of the report to be ensured, the report will be key and since the output will be a paid output of the programme, we should be able to rely on its timely availability. The proposed timescales seems to adversely condense the time for industry to react to any issues seen (noting the majority of Programme Parties will not be in attendance at the meeting, as they are being represented).

OVO notes that the ToR for PSG indicates the concept of alternates for the PSG members; we welcome this addition, as it will help a constituency and representative to better manage work throughout the year.

3) Do you agree that PSG and the Implementation Advisory Group (IAG) should be separate or would it be better if the IAG role is part of PSG? (Please can you give reasons for your answer)

Whilst considering Programme efficiency and avoiding duplication, it is hard to see why both will be initially required. The PSG should be able to manage the implementation issues that arise out of the plan for the coming 8 months at least. We assume this will be considered, to avoid unnecessary overhead where it is not required.

The Level 2 and Level 3 decision groups will have nominated and elected constituency representatives, empowered by their constituency members to make decisions on their behalf.

4) Are the proposed constituency representatives at Level 2 and Level 3 correct? (Please can you give reasons for your answer)

OVO is pleased to see a revised number of Supplier and Supplier Agent representatives on the groups under Levels 2 (Programme Steering Group) and 3 (Implementation Advisory Group, Design Advisory Group, Cross Code Advisory Group). We think this will mean the potential for a better coverage of different types of views, arising from varied experience stemming from the different business models within the electricity industry. Thus ensuring a better breadth of analysis and views to be fed into discussions, hopefully allowing more informed decision making.

5) For your constituency group, would you support the MHHS Programme running a constituency member nomination and election process for all Level 2 and Level 3 meetings? (Please can you give reasons for your answer)

Yes, we support the central MHHS Programme enabling and running the constituency member nomination and election process. We recommend that the process will consider and provide sight of:

- the definitions for each Constituency; to make it clear which parties can be counted under which constituency. Both when putting forward a nomination, but also when voting on a nominee;
- the rules in place for excess or insufficient nominations;
- the rules around retiring from a role (an elected representative leaves their organisation or the industry);
- if all Level 2 & 3 roles will have alternative representatives (thus ability for cover to continue when an elected rep needs leave or time away).

6) Do you agree with attendee requirements as set out in section 3.11? (Please can you give reasons for your answer)

OVO agrees with the model of representation proposed:

- Level 2 & 3 groups have a constituency representative model;
- Level 4 groups have programme participant direct representation as required.

We assume the intent for the constituency representation attendee definition of "senior" is to ensure parties consider putting forward nominees with relevant skills, capabilities, experience or knowledge. We think the term "senior" is unnecessarily prescriptive and should be replaced with relevant skills, experience or knowledge. We do want a range of abilities in the representation.

7) Do you agree level 4 groups should be open for all parties to nominate members who have the relevant expertise? (Please can you give reasons for your answer)

Yes.

8) Specifically for Supplier Agents, should this constituency category be split into two sub-constituency groups and if so what would be the best way to divide them? (Please can you give reasons for your answer)

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OVO does think that there are two distinct groups of agents in the electricity industry; those companies who focus on agent work and those that have in-house agents. Both groups will have different business models, experience of the inputs/outputs to the Settlements process and would bring different views to the programme discussions and decision making. We are neutral about the necessity to split the constituency category in 2, but are supportive of 2 seats being made available, allowing the possibility for both models to be present at (pre-meeting and) meeting discussions.

9) Specifically for the CCAG, should the constituency representatives include the Code Bodies only or should it also include other programme participant representatives? (Please can you give reasons for your answer)

The Cross Code Advisory Group should include current Programme Participants who are parties to the affected electricity codes, as well as the Code Bodies themselves being directly involved.

Industry can better represent the issues faced with the practical interpretation and application of prescriptive and principles based requirements on parties.

Whereas the Code Bodies are experts of their code and will be able to better inform how a proposal will interact with the existing code and if further consequential code changes or issues need to be ironed out, ensuring the integrity of the code ongoing, whilst helping to develop solutions to meet the MHHS requirements and intent.

The governance structure has a general principle of higher decision groups being able to delegate decisions to groups below them and for lower level groups being able to escalate to a group above them

10) What are your views regarding how decisions should be delegated or escalated?

Whilst OVO can understand the need to refer decisions where consensus cannot be formed, we are concerned that the proposed approach to refer up, until consensus is formed or the SRO makes the decision for all is fraught with issues.

- adding complexity, especially if referred to multiple groups; where clear, timely communications and record update will be required to avoid confusion. Otherwise Programme Participants may be unaware of which group a decision now sits with, why consensus was not achieved and a referral was required and when it will be discussed.
- that a group's representatives may not have the relevant skills or knowledge to make an informed decision on the matter being referred.

The strawman has remained silent on why the alternative approach of having decisions referred to the Programme Steering Group (PSG) has been discounted.

11) When the Programme Plan is fully developed it is likely to contain Level 1, 2 and 3 milestones. How should milestones be linked to the proposed governance framework?

We are uncertain what this question means. OVO is expecting one Programme Plan to cover all programme milestones and outputs, the governance framework is the mechanism managing engagement and development under the programme. We look forward to something which might illustrate what the question was trying to achieve.

C – Meeting Management

We propose meeting papers are issued at least 5 working days in advance of a meeting and post meeting papers are issued no later than 10 working days after a meeting.

12) Are the proposed 5 working days and 10 working days timescales appropriate?

OVO agrees papers should be made available 5 w/d in advance of a meeting. We would recommend that the service level is set to the papers being received 6 w/d in advance of the meeting, so that if this is at 17:00 Programme Participants get a FULL 5 w/d to review, develop response, engage with constituency rep (we have seen recent interpretation under codes where in practice parties have only had 4 w/d).

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D – Change Control

We have proposed high-level change control principles and a high-level change control process in section 8. We will consult upon a detailed change process in the future.

13) Should all changes follow the same change control process or should there be different routes depending on the impact?

OVO agrees that all changes should follow the same change control process. We believe this will avoid confusion and set clear expectations for all MHHS Participants, we believe in a clear, single change process. One that can flex the impact assessment timescales depending on the complexity and significance of the change being reviewed.

E – General feedback

Please share any further thoughts you have regarding our proposal.

14) Is there anything further you think we should include in the MHHS Programme Governance Framework?

OVO has no further comments.