MHHS PROGRAMME

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

Consultation Questions

Document owner	Document number	Version Number	Date
Andrew Margan	**MHHS_DEL032**	**Version 1.0**	**30 July 2021**

© MHHS Programme 2021

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)

Yes, we support the proposed objectives for the framework.

Effective communication will be critical in a Programme of the scale and scope of the MHHS Programme, where a large number of participants across a variety of roles will need to have access to the most up to date information – especially in regard to change.

It is also vital that all parties have an opportunity to input into decision making, and that Programme decisions are made via consensus wherever possible. If this is not the case there is a risk that parties will become disengaged, which then creates a risk for successful implementation of the MHHS Programme.

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?

© MHHS Programme 2021

The different levels look appropriate and we agree that these should be able to delegate and escalate as appropriate. This structure allows for speedy decision making by those groups, and where necessary, allows escalation where consensus cannot be reached. The structure aligns with Ofgem's proposed structure in their April consultation, and with the governance structure that has worked quite successfully for Ofgem's Switching Programme.

It is not clear from the structure whether the new CCWG is similar to the current CCDG, and if not, where the work of the CCDG would sit in the proposed structure.

We are concerned that the proposed governance structure does not appear to include any groups that are focussed on consumers, and the impact that settlement reform will have on the retail energy market. There is consumer representation on a number of the governance groups, but no group focussed on the impact that settlement reform will have on consumers.

As an example, under the MHHS TOM data items such as Standard Settlement Configurations (SSCs), Estimated Annual Consumptions (EACs) and Annualised Advances (AAs) will cease to exist for settlement purposes. However, these data items are used for other things such as billing, switching and forecasting by suppliers, and the impacts of removing these items on the effectiveness of those processes has not been discussed in any detail.

Additionally, the impact on switching/CoS reads doesn't seem to have been fully considered. Currently the process for generating a CoS read is the settlement process, and that read is also used for billing. However, when MHHS is delivered that read creation will no longer exist, creating a concern about how CoS reads will work post MHHS – an important aspect of a smooth switching process. It's essential that both suppliers use the same reading to avoid billing disputes but as yet, no process has been agreed.

The MHHS Programme only seems to be looking at how MHHS settlement processes will work, and not how the retail market as a whole will operate when MHHS is in place. This creates a significant risk that the programme will not deliver the right outcomes for consumers. The processes and data that are used for settlement are intrinsically linked to retail processes like switching and billing, and changes being made for settlement will have consequential impacts on a wide array of processes on the retail side of the market. The governance structure should include a group that has this specific focus, and that does not seem to be the case.

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)

We agree that PSG and the IAG should be separate as this allows a higher degree of autonomy and therefore a better route of challenge/escalation if consensus cannot be reached. The scope of the two groups is also quite distinct, so separation will ensure that the constituency membership has the right level of skill and expertise.

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)

Yes, they appear correct. Level 3 should contain members from a wide range of parties to ensure views are represented effectively, and they should have the appropriate skills and expertise. Level 3 requires senior experts in their field. Level 2 is suggested to be a mix of senior delivery and senior programme governance experts, again, would appear to be the correct mix of skills for this role.

© MHHS Programme 2021

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)

This should only be necessary where the constituency is not able to provide a nominee itself and requires this election process to be carried out on their behalf. We expect that some constituencies (especially those with a smaller membership) will be able to identify and nominate their representatives themselves.

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

Yes, we agree that these requirements appear appropriate.

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)

We agree that all parties should be able to attend the level 4 groups and such an approach is necessary to ensure that the MHHS governance structure meets its objective of providing an opportunity to input into the programme and the decision-making process.

This will mean that the meetings will have a large number of attendees so they will need to be chaired and run effectively to ensure that progress can be made, and discussions are focussed. Parties that are purposely disruptive or who impede progress will also need to be addressed.

We would question whether it is necessary for all attendees to “have the right expertise” to be able to attend what should be open forums, and how such decisions would be made. As noted above what will be required is strong chairing of meetings to ensure that input from attendees is managed and relevant to the discussions.

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)

It seems reasonable that, as noted in Ofgem’s decision document on the governance framework, independent supplier agents are represented in the governance groups alongside supplier operated supplier agents. While many of the issues and concerns will be common across the two sub-constituency groups, the commercial models and impacts for independent supplier agents will need to be accounted for by the Programme. It is appropriate that these parties are guaranteed representation.

We do not believe that this would need to split further or in another way, for example by party role i.e. separate representation for DCs (SDSs) and MOPs, as in most cases agent businesses cover multiple roles.

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 CCAG constituency representation should include other programme participants. This will be required to provide a ‘business’ input into the discussions and the decision making by this group, in many cases the code managers/administrators are experts in their codes but not always in the impacts that changes to those codes will have on the businesses that need to operate within them. If those parties directly impacted by the decisions taken are not part of this group, it is not clear how they would be involved or have a say in that decision-making process.

© MHHS Programme 2021

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?

We agree with the principles set out in the document. Whether to delegate or escalate a decision will need to be determined on a case by case basis depending on subject matter, complexity, timescales, cost, impact, etc. In time, clear rules of who can escalate what to who should be set out for all of the groups, including the yet to be defined working groups.

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?

It would seem appropriate that the different levels of governance should be linked to the decisions related to different levels of milestone. This approach seems to work well for the Switching Programme where low level/impact decisions (i.e. Level 3 milestones) are taken by the working groups, and only escalated where the decision has an impact on a Level 2 milestone.

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?

We agree that meeting papers should be issued at least 5 working days in advance of a meeting, although we recognise that late additions/changes may need to be made. Parties need sufficient time to digest the material and prepare in order for the meetings to proceed effectively.

While it might be reasonable for the full meeting papers (detailed minutes etc.) to be issued within 10 working days, any key items or decisions, and especially any actions, should be sent out as soon as possible and within 2 working days. This approach seems to work well for the Switching Programme where we receive a high-level meeting summary calling out the key points very quickly, with more detailed material issued later.

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?

As much as possible the same change control process should be used for all changes. Creating multiple processes creates complexity and risk that parties will not have full visibility of the changes being made and be able to provide input into the process. We have seen under the Switching Programme that changes are often targeted at specific audiences or only members or working groups that are deemed to be ‘interested’, which has led to parties not being aware of changes that have been raised.

The MHHS Programme change process needs to be fully transparent and all changes need to be clearly visible to all parties.

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?

As set out in our response to Question 2, we recommend the creation of group to specifically look at the wider customer facing impacts of the MHHS programme.

© MHHS Programme 2021