

Report

Update: Designating the Market-Wide Half-Hourly Settlement Governance Framework

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This update is to inform stakeholders that Ofgem is now designating the Governance Framework for Market-Wide Half-Hourly Settlement (MHHS).

In January 2021, we consulted on the principles that we believed should inform the implementation of any future decision by Ofgem to pursue MHHS.¹ In April 2021, we published our decision to proceed with an industry-led implementation of MHHS.²

In April 2021, we also consulted on detailed proposals for implementation, including the governance arrangements.³ As part of that document we sought views on a draft Governance Framework for implementing MHHS. In August 2021 we published the conclusions to that consultation.⁴ Alongside that document, we issued a revised draft version of the MHHS Governance Framework and a draft set of changes to the Balancing and Settlement Code (BSC) and to other affected codes. We stated that we would work with the relevant code bodies and other stakeholders to ensure that the proposed changes to codes (and to the DCC's licence) could come into effect in the autumn of 2021.

¹ See Ofgem's [Consultation on MHHS Programme Implementation Principles](#).

² See Ofgem's [Decision on MHHS](#).

³ See Ofgem's [Consultation on MHHS Implementation and Governance Arrangements](#).

⁴ See Ofgem's [Decision on MHHS implementation arrangements](#).

On 13 August 2021, Ofgem raised BSC modification proposal P423 as an Authority-led Significant Code Review Modification Proposal pursuant to Section F5.3A.1 of the BSC. At the BSC Panel meeting on 16 September 2021, the BSC Panel unanimously agreed that P423 would better facilitate the objectives of the BSC. The Panel therefore recommended its approval. On 30 September 2021, the Authority published its decision to approve modification proposal P423.⁵ The modification came into force on 7 October.

The Authority has now also approved modifications to the Distribution Connection and Use of System Agreement,⁶ the Connection and Use of System Code,⁷ the Retail Energy Code⁸ and the Smart Energy Code.⁹ The last of these decisions will come into force on 4 November. Together, they will ensure that the codes (and associated processes) needed to implement MHHS are efficiently progressed, with good cross-code co-ordination.

Amongst other things, the BSC states in section C 12.3.1 that the Authority may designate (and may, if it wishes from time to time, re-designate) one or more documents as the MHHS Governance Framework. We are now doing so and are publishing the designated MHHS Governance Framework alongside this document. We have made one substantive change to the draft MHHS Governance Framework document that we published in August. Paragraph 1.9, dealing with Elexon internal separation, has been changed to bring the bullet on organisational separation into alignment with the text of the BSC. We have made other minor changes to ensure consistency of terminology.

Elexon as MHHS Implementation Manager (IM) is responsible for establishing and administering a robust change control process to apply to this MHHS Governance Framework and the relevant programme documents. They must develop, consult on and obtain Ofgem's approval of the initial change process.

It is now for Elexon and industry to assume the responsibilities they have been given for implementing MHHS. We have been working with Elexon to ensure an orderly transition to this new phase of the Programme. Elexon is putting in place a separation between its roles as MHHS IM and administrator of the BSC. MHHS IM is procuring a Lead Development Partner to undertake vital programme management functions. Ofgem is procuring an

⁵ See Ofgem's decision on [BSC modification proposal P423](#).

⁶ See Ofgem's decision on [DCUSA modification proposal DCP393](#).

⁷ See Ofgem's decision on [CUSC modification proposal CMP378](#).

⁸ See Ofgem's decision on [REC modification proposal R0003](#).

⁹ See Ofgem's decision on [SEC modification proposal MP180](#).

Independent Programme Assurance provider. When these bodies are fully in place, this will provide a robust basis for industry to implement MHHS. 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.