



**MHHS
PROGRAMME**
Industry-led, Elexon facilitated

Market-wide Half-Hourly Settlement: Starter for 10

MHHS Webinar 1
9th March 2022

Case for change

Chris Welby
5 minutes



Approach & Delivery

Chris Harden & Keith Clark
20 minutes



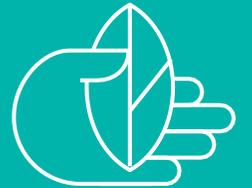
Programme roadmap

Chris Harden & Keith Clark
10 minutes



Q&A

Lauren Nicholls
10 minutes

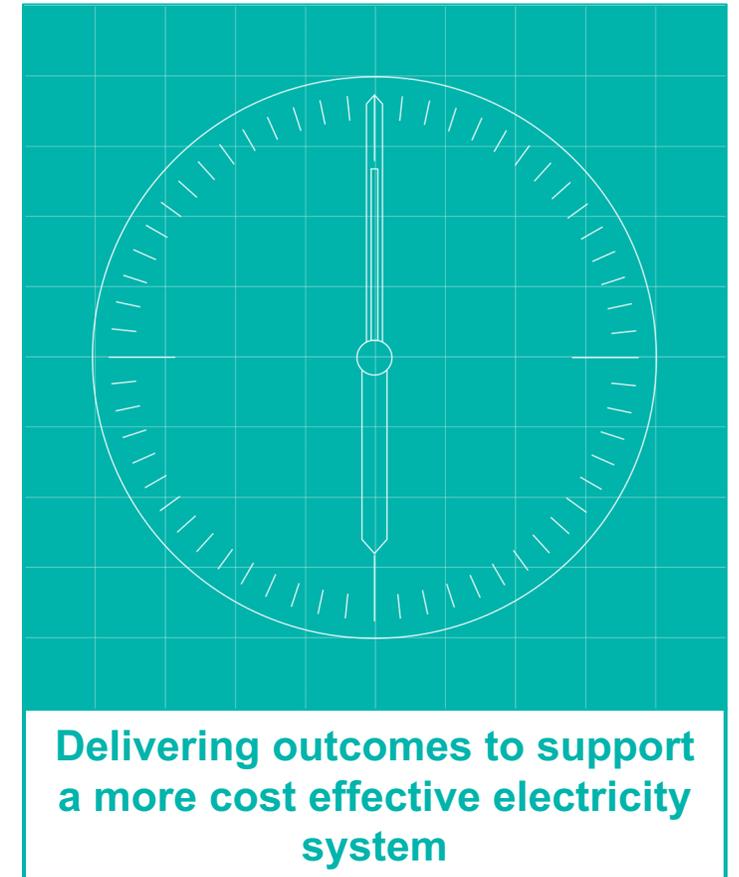


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Market-wide Half-Hourly Settlement (MHHS) Programme Objective

To develop and then implement an enduring process for MHHS that delivers benefits for consumers by maximising the opportunities provided by smart metering in enabling an intelligent, flexible energy system by October 2025



What is Market-wide Half-Hourly Settlement (MHHS)?



MHHS is a key enabler of the flexibility to support the transition to Net Zero.



The Programme will deliver a new electricity settlement market based on half-hourly demand and generation data from all meters, providing suppliers with accurate information about the cost of serving customers each half hour.



The Programme outcome will be a more cost-effective electricity system, encouraging more flexible use of energy and helping customers to lower their bills. MHHS will enable suppliers to offer new tariffs and products to their customers to engage them in their electricity usage.



Additionally, MHHS will enable the industry to make the most efficient use of existing infrastructure, reducing the need for extra spending on future generation and network assets as customers can be incentivised to use electricity in line with availability.



MHHS reform will see the electricity industry working together in a significant move forward in how electricity is used and accounted for. All market participants have a part to play in ensuring a successful outcome for the Programme.

The Why

What's changing?

- The outcome of MHHS will be a **faster, more accurate settlement process** for all market participants, introducing site-specific settlement using Half-Hourly meter readings
- The MHHS Programme will facilitate a **more cost-effective energy system**, encouraging more flexible use of energy and ensuring the system is more affordable for consumers
- MHHS is a **key enabler for the flexibility required** to support the transition to net zero

What's driving the change?

Industry

- Facilitating more efficient operations by reducing the need for extra spending on future generation and network assets

Consumer

- Enabling a future retail market that can deliver the technologic and behavioural changes needed to support decarbonisation, while ensuring consumers remain protected

Environmental

- The UK's transition to net zero requires a flexible electricity system, enabled by MHHS reform

What are the expected benefits?



Suppliers will have more accurate information about the cost of supplying their consumers



More accurate, timely and granular data will enable suppliers to tailor their offering to consumers, allowing them to create more innovative products and services



Aggregate demand shift across the grid can lower network operating costs and reduce the need for expensive generation capacity to supply peak periods



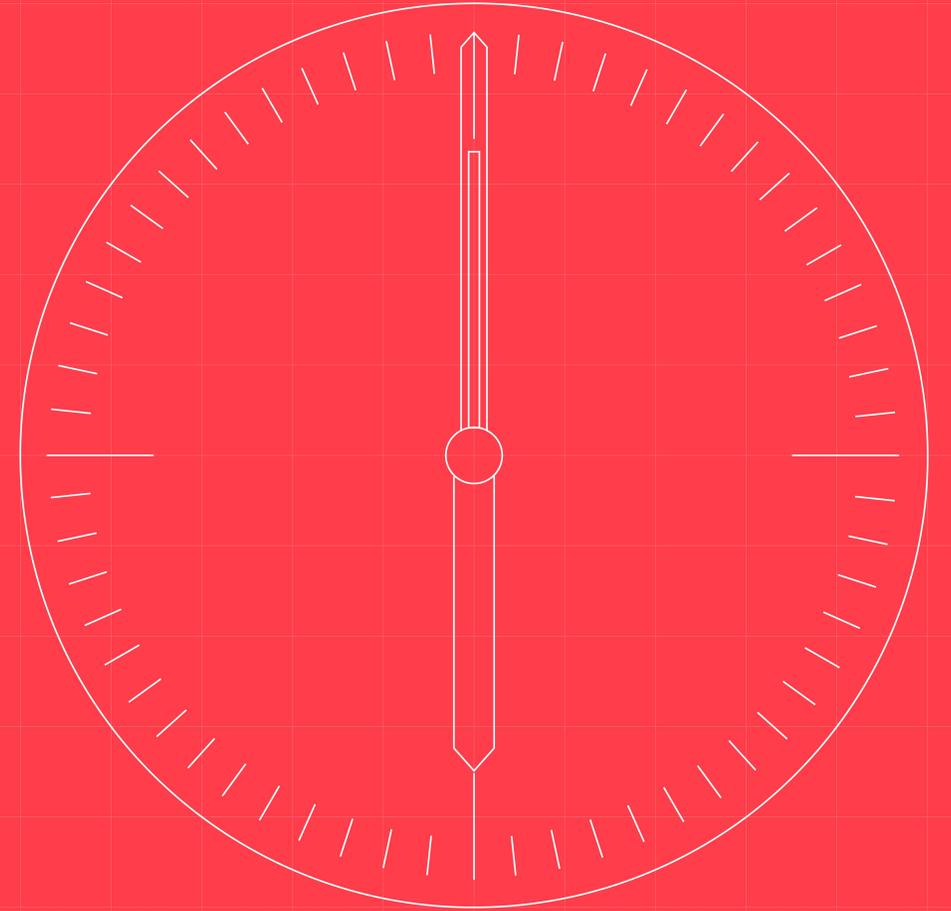
Generation and network investment savings through better use of existing assets, reducing the need for significant investment to manage peak demand



Shorter settlement timeframes will reduce settlement risk and the collateral required to cover it, leading to more efficient arrangements

Approach and Delivery

Chris Harden & Keith Clark



MHHS Programme Principles



Delivery-focused



Design-led, not code-led



Minimise dependencies



Utilise resources with appropriate expertise



Efficient decision-making to drive outcomes



Not move at the pace of the slowest



Collaborative working

MHHS Programme Objectives

-  To deliver the Design Working Group's Target Operating Model (TOM) covering the 'Meter to Bank' process for all Supplier Volume Allocation Settlement meters
-  To deliver services to support the revised Settlement Timetable in line with the Design Working Group's recommendation
-  To implement all related Code changes identified under Ofgem's Significant Code Review (SCR)
-  To implement MHHS in accordance with the MHHS Implementation Timetable
-  To deliver programme capabilities and outcomes to enable the realisation of benefits in compliance with Ofgem's Full Business Case
-  To prove and provide a model for future such industry-led change programmes

Sponsor

Ofgem

Ofgem's 2021/22 Forward Work Programme sets out five strategic priorities, including to deliver **full chain flexibility in how we generate, use and store energy**. One of the key activities within that strategic priority is to implement MHHS.

Ofgem will remain the Sponsor for MHHS Implementation and have set out proposed thresholds related to scope, outcomes, cost, timing, competition, consumers' interests and conflict of interest that would require Ofgem's intervention in the decision making for the programme.

Programme Team

Elexon (SRO)

In April 2021, Ofgem published its decision to implement MHHS, and stated that Elexon, the code manager for the Balancing and Settlement Code, would be the Senior Responsible Owner (SRO) for MHHS implementation.

Expleo (LDP)

Expleo is the Lead Delivery Partner (LDP) for MHHS, appointed by Elexon after a five month procurement process. Expleo is providing a Central Programme Team, Programme Management Office, Programme Party Coordinator, and System Integrator functions.

IPA

PwC

In February 2022, Ofgem announced the appointment of PwC to the role of MHHS Independent Programme Assurance (IPA) provider.

Ofgem ran a procurement for the IPA provider in accordance with the principles and measures set out in its April 2021 consultation on Implementation Arrangements.

These assurance principles and measures are intended to give confidence to Ofgem, the SRO, the PSG and all Programme parties that the Programme is being set up for success and will be well managed.

OBLIGATION

As part of the MHHS consultation, industry raised a concern about the potential conflict of interest risk of Elexon as the Implementation Manager and Participant.

In response, Ofgem applied obligations on Elexon in the BSC and MHHS Governance Framework.

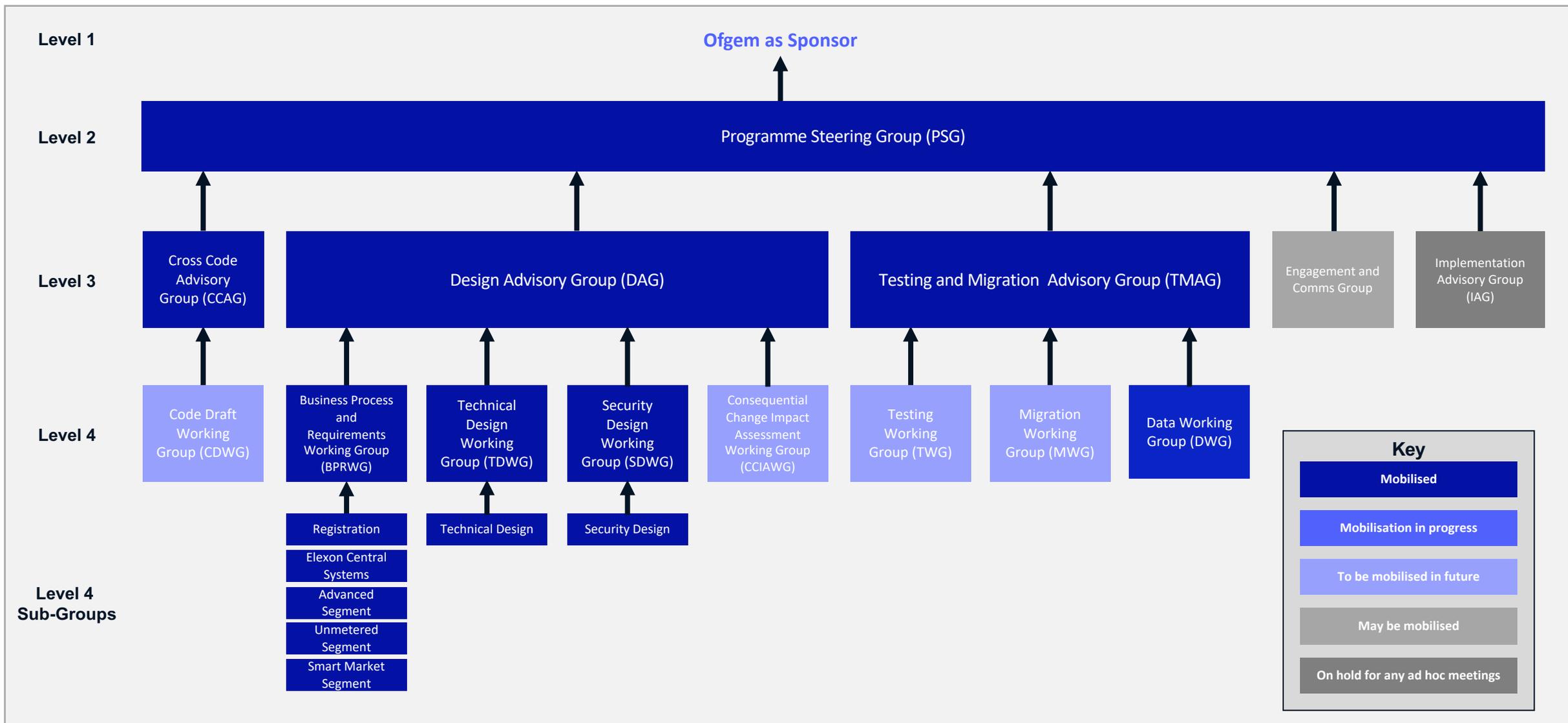
Elexon is required to develop, obtain Ofgem's approval of and comply with a business separation plan which requires explicit separation:

- Physically
- Organisationally
- Culturally

ACHIEVED

1. Business Separation Plan agreed in November 2021
2. Exclusive MHHS Programme office
3. Exclusive MHHS Programme brand, website, email domain, Teams and SharePoint tenant
4. As permitted under the Business Separation Plan, the Elexon Board and Angela Love (Elexon sponsor) have access to Programme information that relates to:
 - Finance and procurement
 - Professional services support (HR, Legal, Facilities, SCM, IT)
 - Performance of service providers and employees to performance objectives
 - Business separation compliance
5. 100% completion of the online conflict of interest training - mandatory for the Elexon Board, Elexon Executive, LDP, SRO team, Helix members & Elexon support services – 111 trainees
6. Elexon market architect secondees are seconded full time
7. Digital booklets and posters developed to maintain awareness
8. IPA work package to monitor compliance with the Business Separation Plan and the conflict of interest risk

MHHS Governance Structure



MHHS Milestone Status to 2023 – March 2022

Milestones	RAG	Planned Date	Expected Date	Current status and issues	Actions to resolve
M1 Full Business Case Decision	Complete	Apr 21		<ul style="list-style-type: none"> Publication of the full business case, including the transition plan and decision on the TOM 	
M2 Architecture Working Group (AWG) Recommendation delivered	Complete	Jun 21		<ul style="list-style-type: none"> Recommendations providing guidance for the solution architecture required to enable the DWG's TOM 	
	Complete	Aug 21		<ul style="list-style-type: none"> DCC and Elexon mobilised and proceeding per plan 	
M3 Design, Build Start		May 22	May 22	<ul style="list-style-type: none"> DNOs are mobilised (including 3rd parties); iDNOs are mobilising and have raised no mobilisation issues 	
		May 22	tbc	<ul style="list-style-type: none"> Supplier constituencies' (all constituencies) programme mobilisation generally not started (with notable exceptions), although some programme engagement is happening 	<ul style="list-style-type: none"> Suppliers proposed 7-10 months programme delay Programme team continues to meet with suppliers 2 options for delay are under PSG consideration
		May 22	May 22	<ul style="list-style-type: none"> Supplier Agents are mobilised and actively engaged in the programme's design meetings 	
M4	Complete	Oct 21	Jan 22	<ul style="list-style-type: none"> Knowledge sharing / transfer (with LDP) complete 	
	Complete	Jan 22	Jan 22	<ul style="list-style-type: none"> Mobilisation, onboarding and knowledge sharing / transfer (with SRO) complete 	
		Jan 22	Mar-22	<ul style="list-style-type: none"> IPA conducted kick-off meeting with the SRO / LDP team on 22-Feb-22 	<ul style="list-style-type: none"> IPA to complete mobilisation according to M4 criteria
M5 Physical baseline delivered		Apr 22	tbc	<ul style="list-style-type: none"> Subject to decision on Change Requests – to be made at Apr PSG 	<ul style="list-style-type: none"> Apr PSG to decide based on CRs submitted
M5 + 3 Industry Re-plan		Jul 22	tbc	<ul style="list-style-type: none"> Dependent on M5 decision 	
M9 System Integration Testing Start		Aug 23	tbc	<ul style="list-style-type: none"> Date to be determined as part of programme plan re-baseline (M5+3) 	
M6 Code change and detailed design recommendations delivered		Apr 22	tbc	<ul style="list-style-type: none"> Milestone to be adjusted to reflect design-led approach such that code changes can be made at a later date, renaming to "Initial Code Changes Drafted". This decouples dependency with M5 and will require M8 revision. New date to be determined via CCAG and then approved by Ofgem if > 3 months delay 	
M7 Smart Meters Act powers enabled		May 22	tbc	<ul style="list-style-type: none"> Date to be confirmed by Ofgem 	
M8 Code changes delivered		Nov 22	tbc	<ul style="list-style-type: none"> Dependent on M6. New date and plan to be determined by CCAG members 	

Approach for MHHS Programme Readiness Assessment One

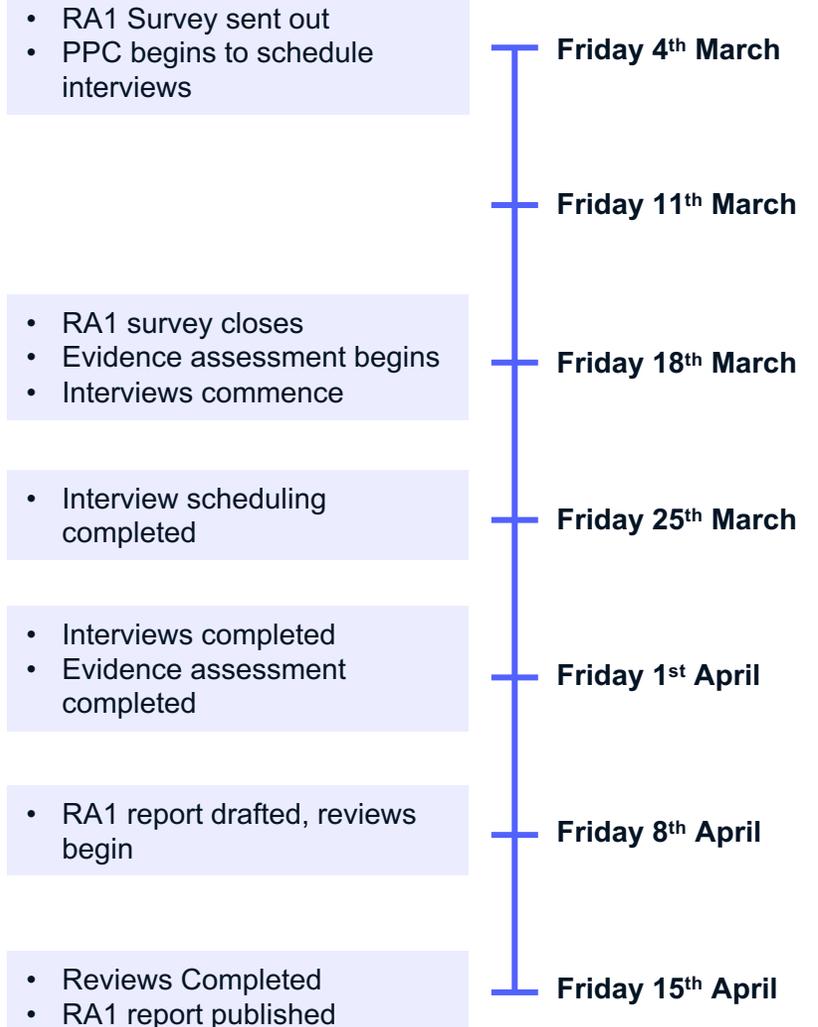
What is Readiness Assessment One (RA1)?

- The Programme Party Coordinator team (PPC) is seeking an update from all Programme Participants to **understand mobilisation progress to date**.
- The assessment will include resourcing, programme plans, governance, engagement and any additional support required by Participants.
- The PPC team issued a self-assessment survey to all Participants on Friday 4th March, to determine readiness. Supporting evidence is requested for certain questions, and interviews will be held with a sub-set of Participants to ensure that the responses given are accurate.

How & when will RA1 be conducted?

- RA1 will be conducted using MS Forms. Participants must have registered on the MHHS Programme Portal to complete this
- Participants have been given two weeks to respond to the self-assessment survey, from 04/03 to 18/03. Interviews with a selection of Participants will be scheduled between 04/03 and 25/03, with interviews taking place from 18/03 to 01/04.
- The target date for publishing the readiness assessment report is 15th April.
- The readiness assessment report will anonymise Participants for the sake of confidentiality. A bespoke one-page report will also be sent to each Participant to communicate results.

Timeline



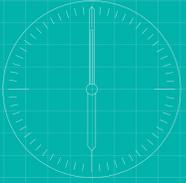
Questions?

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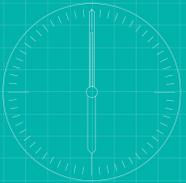
Please use Slido to ask questions and vote for those you want to be prioritised.

We will circulate answers to any unanswered questions after the webinar.



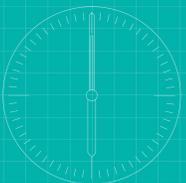
The Clock

The Clock newsletter provides participants with weekly updates and key information to support delivery of the Market-wide Half-Hourly Settlement Programme. The Clock will signpost you to events, plans, reports and documents to assist in planning, design, development, testing and delivery. Sign up at <https://www.mhhsprogramme.co.uk/contact-us/>.



The PPC team

The Programme Party Coordinator (PPC) team is in place to support your mobilisation through the Programme. For any general queries, or updates on the Programme, please email PPC@mhhsprogramme.co.uk



The PMO team

The Programme Management Office (PMO) is in place to support any queries relating to the Programme process, including meetings and meeting papers, documentation and deliverables. Please email PMO@mhhsprogramme.co.uk.

PPC@MHHSProgramme.co.uk

PMO@MHHSProgramme.co.uk

Thank you