
Proposed Directions to Elexon about reporting on Market-wide Half-Hourly Settlement (MHHS) implementation and about managing MHHS Testing cohort.

30TH JANUARY 2025

Context

On behalf of our mission Empowering Energy Demand, the ADE welcomes the opportunity to respond to Ofgem's Proposed Directions to Elexon about reporting on Market-wide Half-Hourly Settlement (MHHS) implementation and about managing MHHS Testing cohort.

Our mission is to embrace the value of a decarbonised, demand-led energy system, creating a future where households, businesses and industry are properly rewarded. The current electricity system is creaking under the demands of a rapidly changing system. We must harness the millions of EVs, heat pumps and the immense industrial demand we have right now to lower bills and keep our electricity system operable. Instead, we're fighting against them. Even more than that, industrial energy is decarbonising with long-term consequences for our energy system - creating new infrastructure and unlocking even greater sources of flexibility. The Government, Ofgem, the CCC and others all recognise that households, businesses and industry should play an active role in a decarbonised electricity system. Now is the time to make this a reality.

ADE Response

The introduction of Market Wide Half Hourly Settlement (MHHS) is predicted to bring net benefits for consumers in GB between £1.6bn and £4.5bn by 2045. It is positive that within this consultation, Ofgem are taking measures to reduce the potential for further delays to the MHHS programme. At present, and for the foreseeable future, flexibility services will be dominated by balancing markets, where service providers will need to prove to the buyer that the quantity of electricity promised has been provided. Half-hourly settlement is a prerequisite for participation in most of these markets and will be vital for the future of consumer-led flexibility and the potential for the industry to achieve a 5x growth by 2030. MHHS will improve the quality of information available to flexibility service providers, making meter readings more accurate, opening the ability for many consumers with short duration flexible assets to participate in a larger array of services. The measures that Ofgem propose in this consultation should help to increase transparency to industry on any expected delays and the associated cause. Additional reporting requirements should also help Ofgem to track progress with the programme and anything that could prevent the M10 and future deadlines being met.

However, there is a lack of clarity on how exactly MHHS Participants will be pushed to meet Implementation Timelines. More clarity is needed from Ofgem on this, so that industry is guaranteed there will be no further delays. The same information is needed for the Smart Meter Rollout, which with continued delays could have a significant impact on the success of the MHHS programme. Acknowledgement on the role that third parties play in creating migration delays for non-suppliers should also be included within this work, making sure that they are included in conversations to drive progress at pace.

FOR MORE INFORMATION, PLEASE CONTACT:

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