

Jenny Boothe,
Head of MHHS,
Ofgem,

By email only: half-hourlysettlement@ofgem.gov.uk

Date: 30 January 2025

Dear Jenny,

RECCo response to: Proposed Directions to Elexon about reporting on Market-wide Half-Hourly Settlement (MHHS) implementation and about managing MHHS Testing cohorts

We welcome the opportunity to respond to this consultation. Our non-confidential response represents the views of the Retail Energy Code Company Ltd (RECCo) and is based on our role as operator of the Retail Energy Code (REC).

RECCo is a not-for-profit, corporate vehicle ensuring the proper, effective, and efficient implementation and ongoing management of the REC arrangements. We seek to promote trust, innovation and competition, whilst maintaining focus on positive consumer outcomes. Through the REC, the services we manage, and the programmes we run, we are dedicated to building a more effective and efficient energy market for the future.

We are committed to ensuring that RECCo is an “intelligent customer”, ensuring efficacy and value-for-money of the services we procure and manage on behalf of REC Parties, including those which constitute the REC Code Manager.

We have engaged constructively in the MHHS Programme and continue to support the development and implementation of the MHHS arrangements.

Our response is based on our role as a Code Body under Section C12 of the BSC and also our wider obligations under the REC.

We support the aims of the proposed reporting to provide confidence that Programme milestones will be met, risks mitigated, and opportunities identified to bring delivery forward where appropriate. We have provided comments on the detail of these proposals in Annex 1 below.

We are happy to discuss any of the points raised in this response.

Yours sincerely,

Jonathan Hawkins

Director of Operations Programmes

ANNEX 1: Response to consultation questions

Q1: Timing of the M10 Checkpoint Reports;

Where RECCo can share information with Elexon, in its role as MHHS Implementation Manager, to support the proposed reporting request, we will do so. We note that the first report is to be provided in March 2025 and an early indication of any information required from RECCo is therefore important if this timescale is to be met. If RECCo needs to undertake additional work to obtain and provide that information, or if there are challenges on our ability to provide that information, for example ensuring that RECCo has rights under the REC to provide such information and that there are appropriate controls in place in relation to the use of any information provided, then this timescale may be challenging. Where information is required to be provided by RECCo to the MHHS Implementation Manager, Ofgem including clear details of this requirement in a Direction to Code Bodies will assist in clarifying a legal basis for sharing the data. We have noted in other parts of this response where there are challenges in the practicality of providing certain information, which would need to be considered in any Direction.

Q2: The proportion of MPANs that ought to be successfully migrated before the MHHS Implementation Manager produces its report on the scope for bringing forward the M15 and M16 milestone delivery dates

We anticipate that the requested MHHS Implementation Manager's report would require a full assessment of the impacts of bringing forward the M15 and M16 milestone dates and that this should be informed by input and review with impacted parties.

Given that this is a material undertaking, and will require careful planning, we suggest that having a backstop date for this assessment may be beneficial. This would allow sufficient time for any changes to the proposed dates to be successfully implemented.

Q3: Whether the provisions on reporting are sufficient to give Ofgem the information it needs to understand the nature and causes of any future risks to MHHS delivery. If you believe they are not, and that additional information needs to be provided, please specify what that information is and from whom it may be obtained.

As stated in our cover letter, we support the aims of the proposed reporting to provide confidence that Programme milestones will be met, risks mitigated and opportunities identified to bring delivery forward where appropriate.

If the MHHS Implementation Manager requires support from Code Bodies and/or industry to source this information, then as noted above, we welcome early engagement with them to discuss if and how such information could be provided.

In relation the proposed reporting on "Market-wide Half-Hourly Settlement Qualification" in the draft Direction, we have the following comments:

- **Reporting on PIT progress:** The draft Direction requests fortnightly information on PIT scope, volume of testing expected/completed, defects with reasons and age profile and response including workarounds. This is not information that Code Bodies receive from Non-SIT Parties, and we are therefore not in a position to provide this to Elexon as the Implementation Manager. Under the agreed MHHS Qualification Approach and Plan (QA&P), Non-SIT Party PIT is participant led. This means that a Non-SIT Party will provide a PIT Approach and Plan which is assured by Code Bodies, followed by two formal check points,

one on progress and one on completion. There will also be ad-hoc engagement with individual parties and regular non-SIT working groups in addition to QWG and QAG. Our view is that this is a proportionate approach to track progress and identify issues and we consider that reporting should be based on the agreed approach. RECCo does not currently have resources in place to frequently review granular PIT progress from all market participants individually. It is not clear that securing additional resources to manage this activity would add any additional value to the current monitoring that is in place.

- **Reporting on SIT Party Qualification Progress:** Paragraphs 17 to 19 in the draft Direction request fortnightly reporting in relation to non-SIT MHHS Participants. This covers non-SIT LDSOs, who are required to be Qualified by M10, as well as non-SIT Suppliers and Agents, who will Qualify between M10 and M14. However, this excludes reporting on SIT Participant Qualification. We note that Qualification progress reporting is covered in the two M10 Checkpoint reports (which would cover SIT MVC) but the frequency is much lower than the fortnightly requirement for non-SIT MHHS Participants. In addition, not all SIT parties will have qualified at M10. We suggest that Ofgem review the Qualification reporting requirements in relation to SIT Parties.
- **Role of REC Code Manager in approving MHHS Qualification:** Draft Direction Paragraph 17(j) requests information on REC PAB's Qualification approvals process. Under the REC, it is the REC Code Manager that will take the decision on whether a MHHS Participant should be MHHS Qualified. We suggest that Ofgem update this section to refer to the REC Code Manager.
- **Frequency of reporting:** Ofgem has requested fortnightly reporting on the progress of non-SIT MHHS Participants. There are a large number of non-SIT parties (around 135) and we consider that providing a fortnightly report across all of these parties will be a significant overhead and may unnecessarily divert resources from other Qualification activities. Code Bodies, Programme and Industry have agreed through the QA&P (see Section 11.1) that reporting against an individual participant should be provided to the Programme 2 to 4 weeks ahead of the expected Qualification Testing (QT) start date and then weekly through QT. We will work with the MHHS Implementation Manager to identify if and how any additional information required to support Ofgem's Direction could be provided. However, we consider that a more targeted and less frequent reporting approach may provide greater value in understanding if parties are on track.
- **Service Activation:** Each REC and BSC Party will need to go through a process of Service Activation once they have become MHHS Qualified. It is only after a party has completed Service Activation, including agreement of its migration schedule, inclusion of its DIP ID within ISD and onboarding to the production DIP environment, that they will be allowed to start Migrating MPANs. We suggest that Ofgem consider including Service Activation within the scope of its reporting request. This would mitigate a risk that Migration start and progress is delayed.

END