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Action:	**For Decision**

Response to Ofgem consultation on MWHHS programme implementation principles

1. Purpose

This paper sets out a proposed response to a consultation issued by Ofgem regarding the programme governance of Market Wide Half Hourly Settlement (MWHHS). The Panel is asked to review the response and provide any comments.

2. Summary of consultation

On 22 January 2021, Ofgem issued a consultation setting out its preferred method for effective programme management to oversee the implementation of the MHHS programme.

Ofgem is planning to move ahead with an "industry led" model. Under the proposed governance structure, Ofgem would retain accountability for successful delivery of the programme objectives as the Programme Sponsor. As the Programme Sponsor, Ofgem would ensure appropriate decision-making governance is in place and that due process is followed; having the powers to step in to direct actions or changes to the implementation of the programme if required. Ofgem would still retain the power to approve or reject any required code modifications needed to implement MWHHS.

Elexon will act as the programme's Senior Responsible Owner (SRO) and be responsible for establishing, operating and managing appropriate programme governance to ensure timely and effective implementation.

Ofgem will place obligations on relevant Parties, including suppliers, Network Parties and the DCC, to comply with the programme. The exact mechanism for introducing these obligations is unknown, but Ofgem plans to consult in Summer 2021 on the matter. It is unclear how this will interact with the use of Significant Code Review (SCR) powers under which the programme is currently run.

3. Consultation response

The consultation sets out a number of potential concerns with the new approach and how Ofgem intends to mitigate those concerns. It asks for comments on whether or not all issues have been captured and mitigated sufficiently.

From a SEC perspective, there are two main issues:

- It is unclear how modifications to the SEC will be drafted and implemented. Under the SCR process SECAS had planned to work with Ofgem to draft required changes. However, if SCR powers are no longer being used, there is uncertainty over how these changes will be developed and implemented.
- To date, the solution design has been very settlement focused. This has meant the development of other industry areas has been uncoordinated and piecemeal. There is some concern that the end to end business processes have not been fully considered and time has only been spent on the central system changes. Any new governance must ensure that an end to end review takes place with sufficient industry input.

A draft response setting out these concerns is included in Appendix A. The Panel is asked to provide any comments so that we can submit a response to Ofgem.

4. Recommendations

The Panel is requested to **APPROVE** the draft response to the consultation in Appendix A.

Adam Lattimore

SECAS Team

5 March 2021

Attachments:

Appendix A – Draft SEC Panel response to MWHHS consultation (**AMBER**)