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REC Code Manager
(by email)

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Date: 3 September 2021

Dear Colleague,

Electricity Settlement Reform Significant Code Review: Authority Change Proposal

Authority-issued timetable in respect of Authority Change Proposal

We refer to our document[1] published on 12 August 2021 which sets out the proposed process for the first set of industry code modification proposals now being raised by the Gas and Electricity Markets Authority (the Authority)[2], pursuant to its Electricity Settlement Reform Significant Code Review (SCR)[3], that aim to establish the implementation and governance arrangements for Market-wide Half-Hourly Settlement (MHHS) implementation.[4]

Pursuant to and in accordance with (1) Standard Conditions 11B.10B of the Electricity Supply Licence and 11.10B of the Gas Supply Licence; (2) paragraph 9.3(d) of Schedule 5 to the Retail Energy Code (REC)[5], and (3) the Electricity Settlement Reform SCR, the Authority has submitted to the Code Manager[6] via the REC Portal[7] an Authority Change Proposal.

[1] The document setting out further information about industry code modification proposals for MHHS implementation is on our website.
[2] The terms "the Authority", "we" and "us" are used interchangeably in this document.
[3] The Electricity Settlement Reform SCR Launch Statement (July 2017) is on the Ofgem website.
[4] For further information about the MHHS implementation and governance arrangements, see our Decision on MHHS implementation arrangements (August 2021) on our website.
[5] REC version 2.0, effective 1 September 2021.
[6] As defined by the REC.
[7] As defined by the REC.

In terms of paragraph 19 (Industry Consultation) of Schedule 5 to the REC, this Authority Change Proposal has been developed following consultation with wider stakeholders, specifically through the MHHS Consultation on Implementation and Governance Arrangements (the April 2021 consultation).[8] The purpose of the modifications in this Authority Change Proposal is to specify the details of the framework within which industry-led delivery of MHHS implementation will occur, in line with our MHHS Decision and Full Business Case.[9]

In line with the Authority's SCR guidance[10], we have used the April 2021 consultation to set out the main principles underpinning the implementation and governance arrangements we plan to introduce over time to the Balancing and Settlement Code (BSC) and to other affected codes (including the REC), including drafts of the first set of REC and other code changes we consider will be required to be placed on the various programme participants to ensure the successful implementation of MHHS. We have sought views from industry stakeholders on both the principles and proposed drafting for this first set of changes, updated versions of which accompany the Authority-led code modification proposals we are raising in relation to this SCR.

We have now carefully considered the responses to our April 2021 consultation and, where necessary, sought further feedback from stakeholders on certain points. We have updated the legal text we consulted on in light of this. The revised proposed legal text is provided alongside our decision on MHHS implementation arrangements.[11] We have also discussed with colleagues at the Code Manager how to coordinate the Change Panel's procedures to allow consideration of this Authority Change Proposal.

Please ensure that this Authority Change Proposal is published on the REC website.

Next steps

We note that paragraph 9.9(a) of Schedule 5 to the REC states that the Code Manager shall, in the case of Authority Change Proposals, determine a timetable consistent with any relevant timetable issued by the Authority. We also note that paragraph 15.1 of Schedule 5 to the REC states that the REC Board and other specified REC bodies shall complete any and all of the respective tasks assigned to them in respect of a Change Proposal in accordance with the applicable Change Proposal Plan.

[8] The MHHS Consultation on Implementation and Governance Arrangements (April 2021) is published on our website.
[9] The MHHS Decision and Full Business Case (April 2021) appears on our website.
[10] The SCR Guidance document is available on our website.
[11] See a link to our Decision document in footnote 4 above.

Accordingly, and having consulted with the Code Manager, the Authority hereby sets the following timetable for completion by the relevant party of the procedural steps for this Authority Change Proposal:

REC provision	**Procedural step**	**Deadline for completion**
Paragraphs 9.9(a) and 10.1 of Schedule 5 to the REC	Code Manager to report outcome of initial assessment to Change Panel and to provide Change Panel with proposed Change Proposal Plan for this Authority Change Proposal	6 September 2021
Paragraphs 9.9(a), 18 and 19 of Schedule 5 to the REC	Code Manager to publish and consult relevant interested persons on Preliminary Change Report for this Authority Change Proposal	20 September 2021 (for completion of consultation)
Paragraphs 9.9(a), 20 and 21 of Schedule 5 to the REC	Relevant Responsible Committee to determine whether to approve this Authority Change Proposal and make recommendation to Authority accordingly	5 October 2021

In terms of Clause 25 of Schedule 5 to the REC, we note that the Code Manager is to specify the proposed implementation dates to be approved as part of the Authority Change Proposal and establish release dates for approved Change Proposals. We will aim to make a decision on this Authority Change Proposal as soon as possible after receiving the recommendation referred to above. If the Authority approves this Authority Change Proposal, then we will be seeking early implementation to ensure that the approved implementation and governance arrangements are in place so that all programme participants have certainty about their obligations and so the arrangements start working with earliest possible effect.

Decision stage

As set out in our document of 12 August 2021[12], and following discussions with colleagues in the code bodies, we submitted the first set of Electricity Settlement Reform SCR modification or change proposals to some of the impacted codes during August 2021 and are now doing so for the REC.[13] This means that there may not be a single date for Authority decisions on this first set of Authority-led modification proposals under the Electricity Settlement Reform SCR.

Our desired target for a decision in relation to this Authority Change Proposal is October 2021, although we will endeavour to issue a decision as soon as possible following our receipt of the Responsible Committee recommendation in relation to this Authority Change Proposal, as referred to above.

The Electricity Settlement Reform SCR is an Authority-led end-to-end SCR and the MHHS programme will require a number of sets of code modifications in the coming years. Our decisions on this first set of Authority-led modifications, should we decide to approve them, will help to establish the governance arrangements for MHHS implementation. As the transition to full MHHS implementation progresses, we intend to make further modifications under this SCR and/or pursuant to our powers under the Smart Meters Act 2018. Therefore, we do not expect the current set of modifications to be the final ones in respect of the Electricity Settlement Reform SCR. This SCR will remain open until we have made our final decision in relation to the final modification, and we will confirm when we consider that to have happened.

Finally, we would like to extend our thanks to the Code Manager for their support in taking forward this Authority Change Proposal along the timelines that have been required by the MHHS programme.



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Rachel Clark
Deputy Director and Senior Responsible Owner for Electricity Settlement Reform
Duly authorised on behalf of the
Gas and Electricity Markets Authority **3 September 2021**

[12] See footnote 1 above for the link to our 12 August 2021 letter.
[13] In the case of the REC, REC version 2.0 was expected to come into force no earlier than 1 September 2021. We have raised a modification proposal to make the change to the REC once REC version 2.0 has come into force.