REC Code Manager (by email)

Email: melissa.giordano@ofgem.gov.uk

Date: 4 June 2025

Dear Colleague,

Electricity Settlement Reform Significant Code Review (SCR): Authority Led SCR Change Proposal making incremental changes to the Retail Energy Code to implement the Market-wide Half-Hourly Settlement arrangements

In September 2021, Ofgem approved the Authority Led SCR Modification Proposal P423 'Market-wide Half Hourly Settlement (MHHS) Implementation and Governance Arrangements'.[1] With effect from October 2021, P423 modified the Balancing and Settlement Code (BSC) to require the MHHS Senior Responsible Owner (SRO) to monitor and coordinate the development of the modifications to other industry codes, including the Retail Energy Code (REC), which are required for MHHS Implementation (in conjunction with the MHHS Affected Code Bodies and in consultation with MHHS Participants) and ensure that those modifications are presented to the Authority for implementation.[2]

In response, the SRO established two governance groups to take forward this area of work. These were the Cross-Code Advisory Group (CCAG) and the Code Drafting Working Group (CDWG). After an extensive period of code development and consultation with MHHS Participants, the CCAG agreed, on 21 August 2024, that the legal text properly reflected the MHHS Design and the CCAG Chair therefore baselined it in accordance with the M6 deadline in the MHHS Implementation Timetable. The CCAG Chair, on behalf of the MHHS SRO, then wrote to Ofgem to request that Ofgem raise a modification bringing the draft provisions into effect. Having completed our own review of the baselined legal text, Ofgem raised a REC Change Proposal to implement the MHHS arrangements (R0209).[3] After further consultation with industry through the REC change management process, Ofgem subsequently approved the modification on 26 November 2024.[4]

[1] MHHS Implementation and Governance Arrangements (P423), Ofgem, September 2021.
[2] See section C12.5.2(c) of the BSC.
[3] Implementation of Market-wide Half Hourly Settlement (MHHS) Arrangements - REC Portal.
[4] Retail Energy Code R0209 'Implementation of Market-wide Half-Hourly Settlement (MHHS) Arrangements' decision | Ofgem.

Since 21 August 2024, MHHS Participants have continued to test the baselined MHHS design. This process has led to the identification of design defects that, when remedied, necessitate changes to the REC to make sure that it remains aligned with the modified MHHS design. On 6 February 2025, the Code Manager raised REC Issue I0241 to assess and confirm the scope of the updates to the REC MHHS Code Drafting that would be needed to align the code with the design for MHHS 'go-live', and to develop the associated legal text. The opportunity has also been taken, via the REC Issue I0241 process, both to correct errors and omissions identified after 21 August 2024 and to address the consequential impact of other changes to the REC approved by Ofgem since that date.

The draft legal text developed via this process relates to four REC Schedules, REC-owned data flows in the Energy Market Data Specification, the Service Definition documents for the Energy Enquiry Service (EES) and Electricity Retail Data Service, and the EES API Technical Specification document. The legal text was circulated to the CDWG in early May. The CDWG gave unanimous support for the draft legal text at its meeting on 13 May 2025. The proposed revisions were subsequently endorsed by the CCAG on 28 May 2025. The Chairman of the CCAG, on behalf of the MHHS SRO, then wrote to Ofgem to request that we raise a modification using our SCR powers to bring the draft provisions into effect. Having completed our own review of the legal text, Ofgem is satisfied that it is consistent with our MHHS decision document of April 2021 and with the objectives of the Electricity Settlement Reform SCR.

The Authority now directs the Code Manager, pursuant to paragraph 18.1 of Schedule 5 to the REC[5], to progress REC Issue I0241 to the Change Report phase on the basis that REC Issue I0241 will become the required Authority Led SCR Change Proposal as R0241 and the Proposer will be updated to Ofgem. Please ensure that the proposal is updated on the REC Portal.[6]

Next steps

We note that paragraph 9.9 of Schedule 5 to the REC states that the Code Manager shall, in the case of Change Proposals (which includes 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.

[5] Change Management v3.5.pdf.
[6] As defined by the REC.

In line with the Authority's SCR guidance[7], we have discussed with colleagues at the Code Manager how best to coordinate the REC Panel's procedures to allow consideration of this Authority Led SCR Change Proposal on a timescale consistent with the MHHS Implementation Timetable. Accordingly, the Authority hereby sets the following timetable for completion by the relevant party of the procedural steps for this Authority Led SCR Change Proposal:

REC provision	Procedural step	Deadline
Paragraphs 9.7 and 18.2 of Schedule 5 to the REC	Code Manager to report on the progression to Change Proposal to the Change Panel and to provide Change Panel with an amended (extended) Change Proposal Plan for this Authority Led Proposal	17 June 2025
Paragraphs 9.9(b), 18 and 19 of Schedule 5 to the REC	Code Manager to publish and consult relevant interested persons on the Change Report for this Authority Led SCR Change Proposal	17 June 2025
Paragraphs 9.9(b), 20 and 21 of Schedule 5 to the REC	Relevant Responsible Sub-Committee to determine whether or not to recommend approval of this Authority Led SCR Change Proposal and to make that recommendation to the Authority accordingly	17 July 2025

Decision stage

Our decision on this Authority Led SCR Modification Proposal, should we decide to approve it, will introduce the new MHHS arrangements. In line with the MHHS Implementation Timetable, our intended target date for a decision is 5 September 2025. However, we will endeavour to issue a decision as soon as possible following receipt of the relevant Responsible Sub-Committee's recommendation by 17 July 2025.

The Authority proposes to direct that this Authority Led SCR Change Proposal should be implemented on the same date as the MHHS Programme milestone, M8 'Code changes delivered'. Consequently, should the Authority approve this Authority Led SCR Change Proposal, the REC Manager shall, in accordance with paragraph 26 of Schedule 5 to the REC, establish a release date in line with the M8 deadline.

[7] Ofgem guidance on the launch and conduct of Significant Code Reviews, August 2022.

The Electricity Settlement Reform SCR is an Authority-led end-to-end SCR. As noted above, this Authority Led SCR Change Proposal is intended to make the changes to the REC that have been identified as being necessary to implement the MHHS arrangements in line with the MHHS Design as revised since 21 August 2024. However, it remains possible that further changes to the REC may be needed to bring the new MHHS arrangements fully into effect. The SCR therefore will remain open after the M8 milestone. If further code changes do prove to be necessary, we may make those changes under this SCR. Having done so, the SCR will remain open until we have made our final decision in relation to the final code change, and we will confirm when we consider that to have happened.

Finally, we would like to extend our thanks to the Code Manager, MHHS Programme and the industry, via the REC Issue I0241 process, the CDWG and the CCAG, for their support in developing these proposals. We would also like to thank the Code Manager for taking forward this Authority Led SCR Change Proposal along the timelines required by the MHHS programme.



Melissa Giordano
Deputy Director, Retail Systems and Processes

Signed on behalf of the Authority and authorised for that purpose 4 June 2025