RETAIL ENERGY CODE

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CHANGE PROPOSAL FORM (COPY)

1 PERSONAL DETAILS

PROPOSER NAME *(Mandatory)*	Jenny Boothe
COMPANY *(Optional)*	Ofgem
COMPANY TYPE *(Optional)*	The Authority
TELEPHONE NUMBER *(Optional)*	
EMAIL ADDRESS *(Mandatory)*	jenny.boothe@ofgem.gov.uk

2 CHANGE PROPOSAL SUMMARY

CHANGE PROPOSAL TITLE *(Mandatory)*	Implementation of Market-wide Half Hourly Settlement (MHHS) Arrangements
WHAT IS THE ISSUE YOU ARE SEEKING TO SOLVE? *(Mandatory)*	The existing electricity settlement processes are set out in the Balancing and Settlement Code (BSC) with supporting processes and information set out in other codes, such as the Retail Energy Code (REC), the Smart Energy Code (SEC), the Distribution Connection and Use of System Agreement (DCUSA) and the Connection and Use of System Code (CUSC). Implementation of Market-wide Half Hourly Settlement (MHHS) is being delivered through Ofgem's Electricity Settlement Reform Significant Code Review (SCR). In 2021, Ofgem estimated quantified net benefits for consumers of up to £4.5bn by 2045 as a result of introducing MHHS. Implementation of the MHHS arrangements will impact several different Industry Codes and the parties to those Codes. This Authority Change Proposal was raised by Ofgem pursuant to the Electricity Settlement Reform SCR. It will ensure that the appropriate obligations, processes and provisions for the new MHHS arrangements, which

	have been developed and consulted on as part of the MHHS Programme, are introduced into the REC.
WHAT IMPACT IS THIS HAVING? *(Mandatory)*	This Authority Change Proposal will ensure that the appropriate obligations, processes and provisions are defined within the REC, enabling a successful transition to enduring governance and operational arrangements. As noted above, Ofgem's Final IA estimated quantified net benefits to GB energy consumers of £1.6bn to £4.5bn over the period 2021-45. The Final IA also noted that implementing MHHS (including third party access to HH consumption data) should deliver significant additional benefits that could not be quantified in advance arising from increased competition, innovation and consumer choice. As part of the Final IA, Ofgem sought to estimate the costs of implementing and operating under the new MHHS arrangements. Our central cost estimate was £541.3m over the period 2021-2045. Earlier this year, to facilitate an assessment of the impact of the MHHS-related code modifications, Ofgem asked MHHS Programme to seek information on a voluntary basis from Programme Participants about the costs of implementing and operating under the new MHHS arrangements. On 24 May 2024, MHHS Programme issued a Programme Participant Information Request (PPIR). The deadline for responses was 5 July 2024. There were 16 responses, mainly from suppliers and network businesses. We thank all those organisations that responded. We have reviewed the responses and have also taken into consideration Elexon's included and planned Programme Management costs, all of which are recovered from suppliers. The responses effectively represented a small 'sample' of the industry. Extrapolating from those responses to estimate costs for the whole market is very difficult and risks not being statistically valid. However, based on the limited data we received, it appears that the costs to the network businesses of implementing and operating under MHHS are significantly greater than previously estimated. Network costs, though, are only a small proportion of the total costs of implementing MHHS. In addition, costs to suppliers - which represent a much

	larger proportion of total implementation costs - do not seem to have changed significantly. After taking actual and potential increases into account, total implementation costs still appear to remain an order of magnitude lower than the quantified benefits that we estimated would result from introducing MHHS (to which the benefits we could not quantify would be added). Ofgem therefore remains of the view that MHHS can be expected to deliver significant net benefits to energy consumers in Britain.
WHAT OUTCOMES DO YOU CONSIDER ARE NEEDED TO ACHIEVE AN EFFECTIVE SOLUTION? *(Mandatory)*	The introduction of the new and amended products to ensure the REC reflects the new MHHS arrangements.
IS THERE ANY BACKGROUND INFORMATION OR CONTEXT TO THE CHANGE PROPOSAL THAT WOULD BE USEFUL? *(Optional)*	Based on MHHS Design and business requirements, as well as consequential change solutions developed under REC governance, the code drafting for the impacted REC products has been developed and extensively consulted on as part of the MHHS Programme. • Code Drafting has progressed as a Workstream under the MHHS Programme, through the Code Development Working Group (CDWG) reporting to the Cross-Code Advisory Group (CCAG). • In developing the REC Code Drafting, RECCo has worked closely with the REC Code Manager, Elexon, the Programme and other Code Bodies. • This activity has translated the agreed MHHS Programme Design Artefacts, updated from time to time and available on the MHHS Programme website (www.mhhsprogramme.co.uk), into Code requirements. • It has also included drafting to reflect consequential change solutions for impacts not specified in the MHHS Design but approved under the REC's MHHS Stakeholder Advisory Group and available on the REC Portal REC MSAG Committee page (Solution Documents - MHHS Stakeholder AG - REC Portal)

	• REC code drafting was developed in thematic tranches from early 2023 to early 2024, covering Metering Services, Registration, Qualification and Governance, Migration, Interface Drafting and Transition. Each tranche was published for consultation, then updated and reviewed by CDWG, before being approved by CCAG. • A 'Mop Up' tranche was undertaken to review and update the code drafting. As with the thematic tranches, the Mop Up tranche was published for consultation, then updated and reviewed by CDWG, before being approved by CCAG in May 2024. • As a last step, all of the proposed changes to the REC (as well as the BSC and DCUSA) were issued for an industry consistency consultation in June 2024 and then updated for finalisation. This included review by CDWG and approval and baselining by CCAG in August 2024. • All of the proposed MHHS changes have been reviewed against approved REC CPs and updated as necessary so that the legal text retains its intent against the updated baseline. Ofgem's letter, dated 4 September 2024, sets out the timetable for the Change Proposal, with implementation in line with the MHHS Programme milestone, M8 'Code changes delivered'.

3 CONSUMER IMPACTS

WHICH CONSUMER TYPES WILL BE IMPACTED BY THIS CHANGE PROPOSAL? *(Mandatory)*	☒ Electricity ☐ Gas ☒ Domestic Prepayment ☒ Domestic Credit ☒ Microbusiness ☒ Small and Medium Enterprise (SME) ☒ Industrial and Commercial (I&C) ☐ Other (please specify in the Additional information box below)

WHAT IMPACT WILL THIS CHANGE PROPOSAL HAVE FOR THESE CONSUMERS? *(Mandatory)*	☐ Switching experience ☒ Billing accuracy ☒ Trust and confidence ☐ Safety ☒ Security of supply ☒ Ability to pay ☐ On site experience ☐ Other (please provide details in the Additional information box below)
ADDITIONAL INFORMATION *(Optional)*	

4 CODE IMPACTS

Does this Issue relate to or impact:

THE REC OR REC SCHEDULES? *(Optional)*	☐ Main Body ☒ Interpretations and Definitions Schedule ☐ Transition Schedule ☐ Accession Agreement ☐ Company Governance Schedule ☐ Change Management Schedule ☐ Performance Assurance Schedule ☒ Qualification and Maintenance Schedule ☒ Market Exit Schedule ☐ Charging Methodology Schedule ☐ Prepayment Arrangements Schedule ☐ Central Switching Service Schedule ☒ Data Access Schedule ☐ Energy Theft Reduction Schedule ☐ Transfer of Consumer Data Schedule ☒ Metering Operations Schedule ☒ Metering Accreditation Schedule ☐ Secure Data Exchange Schedule ☐ Green Deal Arrangements Schedule ☒ Registration Services Schedule ☒ Related Metering Points Schedule ☒ Address Management Schedule ☒ Switching Data Management Schedule

	☒ RMP Lifecycle Schedule ☐ Switching Service Management Schedule ☒ Resolution of Consumer Facing Switching and Billing Issues Schedule ☐ SPAA Transition Schedule ☐ MRA Transition Schedule ☐ Unbilled Energy Code of Practice ☒ Consolidated Metering Code of Practice (CoMCoP) ☐ Change Panel Terms of Reference ☐ Performance Assurance Board Terms of Reference
ADDITIONAL INFORMATION *(Optional)*	All proposed changes to the REC documentation are provided as redline changes other than the following: • Schedule xx: MHHS Migration – this is a completely new REC schedule. • Schedule 14: Metering Operations – the changes to this schedule are extensive and has involved the splitting out of the gas and electricity requirements. Because of the scale of the change, it has been decided to present this schedule as a full replacement of the previous version. Note: REC Category 3 documents are out of scope of the MHHS code drafting activity and updates are being managed under REC governance.

THE DATA SPECIFICATION? *(Optional)*	☒ Data Item Catalogue ☒ Market Message Catalogue ☐ Data Access Matrix ☒ Standards Definition
ADDITIONAL INFORMATION *(Optional)*	EES API Technical Specification

CENTRAL SYSTEMS OR REC SERVICES? *(Optional)*	☒ Electricity Enquiry Service ☐ Central Data Service Provider Further Services ☐ Secure Data Exchange Service ☐ Green Deal Central Charging Database ☐ Central Switching Service (CSS) ☐ CSS Certificate Authority

	☐ Switching Operator ☐ Gas Retail Data Service ☒ Electricity Retail Data Service ☐ Gas Enquiry Service ☐ Energy Theft Tip Off Service (ETTOS)
ADDITIONAL INFORMATION *(Optional)*	

REC PARTIES AND/OR MARKET PARTICIPANTS? *(Optional)*	☒ Energy Suppliers ☒ Distribution Network Operators ☒ Gas Transporters ☒ Metering Equipment Managers ☒ DCC ☒ Shippers ☒ Data Collectors ☒ Data Aggregators ☐ Green Deal Providers ☐ Green Deal Finance Parties ☐ Meter Asset Providers ☐ AMR Service Providers ☒ EES Users ☐ GES Users ☐ GDCC Users ☐ Other (please provide details in the Additional Information box)
ADDITIONAL INFORMATION *(Optional)*	For gas parties, although there has been no change in obligations held within the REC, the structure or content approach have been amended in the following schedules: Schedule 14 – Metering Operations Schedule 30 - Resolution of Consumer Facing Switching and Billing Issues Schedule

OTHER INDUSTRY CODES? *(Optional)*	☒ BSC ☒ DCUSA ☒ SEC ☐ UNC ☐ IGT UNC
ADDITIONAL INFORMATION *(Optional)*	

DOES THIS CHANGE PROPOSAL IMPACT A SIGNIFICANT CODE REVIEW? *(Optional)*	This is an Authority Change Proposal being raised as part of Ofgem's Electricity Settlement Reform Significant Code Review.
ADDITIONAL INFORMATION *(Optional)*	Progression of this CP does not restrict Ofgem's ability to deliver further changes via Change Proposal under the same SCR.

5 CHANGE PROGRESSION

DO YOU BELIEVE THIS CHANGE PROPOSAL MEETS THE CRITERIA FOR 'URGENCY' AND SHOULD BE PROGRESSED UNDER AN URGENT TIMETABLE? **IF SO, PLEASE PROVIDE JUSTIFICATION?** *(Optional)*	The Change Proposal is necessary to implement the MHHS arrangements. To do this according to the timetable set out in the MHHS Implementation Plan, it is necessary to progress process stages in a compressed, fixed timeframe. Rather than seeking to apply the Urgency criteria under 'business as usual' code change processes, Ofgem has used its SCR powers to direct the Change Proposal timeline as set out in its letter to the Code Manager dated 4 September 2024 on this Change Proposal. The timeline requires progression of the Change Proposal such that a recommendation from the REC Change Panel will be sent to the Authority by 7 November 2024. Meeting this deadline will facilitate an Authority decision on the Change Proposal by 11 December 2024 (the M7 deadline set out in the MHHS Implementation Plan).

ARE THERE ANY REQUIRED TIMESCALES FOR THE DEVELOPMENT OR IMPLEMENTATION OF THIS CHANGE PROPOSAL? *(Optional)*	The Implementation Date for this Change Proposal will be the date determined by the Authority in line with the MHHS Programme milestone, M8 'Code changes delivered'.
ARE YOU AWARE OF ANY DEPENDENCIES ASSOCIATED WITH THE CHANGE PROPOSAL WHICH MAY IMPACT ITS PRIORITY OR PROGRESSION TIMETABLE? *(Optional)*	The code drafting that is being proposed for implementation under this Change Proposal has been developed and consulted upon under the governance of the MHHS Programme. On 21 August 2024, the code drafting was formally baselined by the Chair of the CCAG on behalf of the MHHS Senior Responsible Owner. The successful introduction of MHHS will be dependent upon all affected code bodies implementing their changes on the aligned implementation date, which will be Milestone M8 in the MHHS Programme Plan.
DOES THIS CHANGE PROPOSAL RELATE TO AN EXISTING OR PREVIOUS CHANGE PROPOSAL? *(Optional)*	R0003 introduced an obligation within the REC for the delivery and implementation of MHHS. R0044 and R0097 have been approved to deliver, at M8, the governance for sharing Smart Meter Data Retriever appointment information via the Central Switching Service to the Smart Meter Data Service Provider. R0032 and R0066 introduced amended and new MHHS data items into the industry as an enabler in advance of the wider MHHS implementation. R0083 will implement, at M8, an amended Supply Number format as a consequential change of the removal of some data items from the industry under the MHHS arrangements. R0202 has been raised to progress changes to the Performance Assurance Reporting Catalogue to support monitoring of Retail Risks under the transition period and enduring arrangements for MHHS. A number of Category 3 Change Proposals will also be progressed under standard REC governance to deliver identified MHHS updates to impacted Category 3 documents.

6 ATTACHMENTS

ATTACH/PROVIDE ANY SUPPORTING DOCUMENTS TO BE SUBMITTED WITH THE FORM	Ofgem letter sent alongside this Change Proposal Form, entitled “Electricity Settlement Reform Significant Code Review: Authority Change Proposal”. MHHS Programme published the baselined changes to all the relevant codes on its website on 23 August 2024. We attach a link to the proposed legal text below (scroll down for the proposed REC changes).[1]

[1] Finalisation of Code Artefacts - MHHS Programme.