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01	Proposal Plan
02	Impact Assessment
03	**Consultation**
04	Final Recommendation

CHANGE REPORT

R0209 – IMPLEMENTATION OF MARKET-WIDE HALF HOURLY SETTLEMENT (MHHS) ARRANGEMENTS

DOCUMENT VERSION	2.0
PROPOSED IMPLEMENTATION DATE	Date determined by the Authority in line with MHHS Programme milestone, M8 'Code changes delivered'
IMPLEMENTATION APPROACH	BIG BANG

RESPONSIBLE COMMITTEE	CHANGE PANEL	**CHANGE PATH**	AUTHORITY DETERMINED
PRIORITY STATUS	CRITICAL	**URGENCY**	STANDARD
IMPACTED STAKEHOLDERS	ENERGY SUPPLIERS, DISTRIBUTION NETWORK OPERATORS, GAS TRANSPORTERS, METERING EQUIPMENT MANAGERS, SHIPPERS, DATA COLLECTORS, DATA AGGREGATORS, EES USERS, ALL REC SERVICE PROVIDERS		

LEAD ANALYST (SOLUTION LEAD)	TECHNICAL LEAD	ASSURANCE LEAD	SUBJECT MATTER EXPERT
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OVERVIEW

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.

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CODE MANAGER RECOMMENDATION

The Code Manager has a minded to position that the REC Change Panel recommends the Authority to:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date that will be the date determined by the Authority in line with the MHHS Programme milestone, M8 'Code changes delivered'.

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BACKGROUND

1 SUMMARY

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. This has been further supported by an additional assessment by Ofgem in 2024, as detailed in the business case assessment in this report. Implementation of the MHHS arrangements will impact several different Industry Codes and the parties to those Codes.

This Authority Change Proposal, raised as part of the SCR, will ensure that the appropriate obligations, processes and provisions are defined within the REC, enabling a successful transition to enduring governance and operational arrangements.

The impacted REC products have been developed and extensively consulted on as part of the MHHS Programme, as set out in Ofgem's letter to the Code Manager, dated 04 September 2024. Ofgem's letter also sets out the timetable for the Change Proposal, with a proposed implementation date in line with MHHS Programme Milestone M8 'Code changes delivered'.

2 PROBLEM STATEMENT

Changes are required to the REC, to ensure that the appropriate obligations, processes and provisions are defined within the REC at MHHS go-live, to enable the successful transition to the enduring governance and operational arrangements developed as part of the MHHS Programme.

3 IMPACTS

CONSUMERS
All Electricity Consumers

REC SERVICE PROVIDERS
Electricity Enquiry Service
Electricity Retail Data Service
Central Switching Service

RECCO / REC CODE MANAGER
RECCo
All REC Code Managers

REC PARTIES AND SERVICE USERS
Energy Suppliers

REC DOCUMENTS / PRODUCTS	
Interpretations and Definitions Schedule	EES Service Definition

Distribution Network Operators
Metering Equipment Managers
EES Users
Data Communications Company

Qualification and Maintenance Schedule
Market Exit Schedule
Data Access Schedule
Metering Operations Schedule
Metering Accreditation Schedule
Registration Services Schedule
Related Metering Points Schedule
Address Management Schedule
Switching Data Management Schedule
RMP Lifecycle Schedule
Resolution of Consumer Facing Switching and Billing Issues Schedule
Consolidated Metering Code of Practice (CoMCoP)

ERDS Service Definition
Schedule XX - MHHS Migration
Data Specification: Market Messages Data Items
EES API Technical Specification
Standard Definitions Document

All Electricity market participants are impacted by the changes being delivered under the MHHS Programme. The REC Parties and Service Users identified above are those directly impacted by the REC code drafting.

All REC Category 1 and 2 documents and products are in scope of the MHHS Programme code workstream. Those listed above are those which are impacted.

The Electricity Enquiry Service (EES), Electricity Retail Data Service (ERDS), and Central Switching Service (CSS) and their Service Providers are all impacted by the changes to the REC. The technical delivery and testing of the impacts to these services have been managed through the MHHS Programme and the RECCo MHHS programme.

All EES Users are impacted by the changes that are being implemented for MHHS.

Changes required to EES data access will be progressed through a separate Category 3 Change Proposal.

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

REC Category 3 documents are out of scope of the MHHS code drafting activity and any necessary updates to Category 3 documents are being managed separately under REC Category 3 change governance.

4 CROSS-CODE IMPACTS

Engagement between the Code Bodies and the MHHS Programme has been integral to the development of the changes considered within this Change Proposal. RECCo and the REC Code Manager have been directly involved in cross code alignment and engagement managed under the MHHS Programme code workstream.

The associated BSC Modification, P478 Implementation of MHHS Arrangements was published on 04 September 2024. The DCUSA change, DCP 445: Implementation of Market-wide Half Hourly Settlement (MHHS) Arrangements, will also be available on the Change Proposal Register - DCUSA in September 2024.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Change Proposal		**05-Sep-24**	**07-Nov-24**
	Consultation	September	October
	Final Determination	October	October
Voting		**05-Nov-24**	**05-Nov-24**
	Issued for Authority Determination	07-Nov-24	07-Nov-24

This 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 the 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).

The plan set out above ensures that the REC Code Manager can meet that timeline.

6 STAKEHOLDER ENGAGEMENT

Engagement with industry on the development of the changes within this Change Proposal has been through the MHHS Programme code workstream as set out below in Section 8 Proposed Solution.

A 15 Working Day consultation will be published to offer industry an opportunity to respond to the proposed solution, the case for change and the Code Manager's minded to recommendation.

7 PRIORITY STATUS AND URGENCY

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Direct	2	25	50
	Retail Markets Impact	Innovation and Market Arrangements	3	15	45
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	1	5	5
		Legal and Regulatory Compliance	3	13	38
Resource	Complexity / Effort / Duration		3	8	23
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		3	15	23
	Contribution to/ Alignment with RECCo's Forward Work Plan		2		15
Urgency *(The need to progress a change to meet a targeted date)*		Significant Code Reviews	3	20	60
				Overall Priority Score (rounded)	258

Priority Status	CRITICAL
Change Proposal Type	STANDARD

SOLUTION

8 PROPOSED SOLUTION

The proposed solution for R0209 is to update the REC according to the baselined MHHS Code Artefacts, notwithstanding additional change identified and consulted upon under R0209 itself. These additional changes are to reflect approved Change Proposals and correct typographical errors.

Further detail can be found in the attached solution development report here.

9 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0209 can be found here.

The following notes should be considered when consulting the legal text:

NO.	NOTE
Legal text note 1	All documents and files that were baselined under the MHHS Programme have been set to version 1.0 for the purposes of this Change Proposal. Any required amendments that are identified during the REC change process will be captured as incremental changes to version 1.0. This approach will provide a clear and consistent demarcation on the governance of the legal drafting taken forward for approval.
Legal text note 2	All the proposed changes to REC documents 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.
Legal text note 3	Early in the development of the code drafting it was proposed that there would be a separate Transition Schedule that would capture the existing non-MHHS obligations. As a result of industry consultation, the approach was changed to include both the non-MHHS and MHHS drafting in each of the REC documents. As a result, there is some redlining in the drafting that will show where text has been removed but added back in.
Legal text note 4	The EMDS drafting for Market Messages includes all the Scenario Variants and Data Items impacted by MHHS, regardless of Code Body ownership. For the purposes of MHHS code drafting the EMDS drafting for the REC, BSC and DCUSA has been provided as one set in an HTML file. The same file will be shared as part of the changes under all three codes.
Legal text note 5	The version of the EMDS drafting included in the proposed legal text is v1.1, which includes the corrected AMVLP Scenario Variants.
Legal text note 6	The version of Schedule 14 drafting included in the proposed legal text is v1.1, which includes: • R0192 housekeeping updates • R0121 SDEP message references • Proposed corrections identified by the Code Manager post-M6
Legal text note 7	The version of Schedule XX – MHHS Migration Schedule included in the proposed legal text is v1.1, which includes the required corrections identified by the Code Manager post-M6

10 RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

10.1 RISKS AND ISSUES

No risks or issues ave been identified

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10.2 ASSUMPTIONS AND DEPENDENCIES

NO.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
R0209.A001	Progression of this CP does not restrict Ofgem's ability to deliver further changes via Change Proposal under the same SCR.		Closed – In Ofgem direction letter of 04 September 2024
R0209.A002	The Authority will approve this Change Proposal on or before the associated MHHS Programme Milestone 7	This was updated in the MHHS Programme Plan to 11 December 2024 to ensure it could be met and is being tracked under the MHHS Programme	Closed – MHHS Programme Plan
R0209.A003	Any change to the M10/ M8 go live compared to the current plan (07 March 2025) will be assessed by the Code Manager outside of this Change Proposal		Open – the MHHS Programme are currently engaging with Programme Participants on the programme plan

NO.	DEPENDENCY	NOTES	STATUS
R0209.D001	The successful implementation of the REC proposed solution is directly dependent on the associated approval and implementation of the modifications under the BSC and DCUSA	Being managed via the MHHS Programme and the Authority through the expected simultaneous approval of the code changes through the SCR process	Open
R0209.D001	The successful implementation of R0209 has a direct dependency on the implementation of R0044 and R0097 which provide the solution for sharing Smart Meter Data Retriever appointment data	R0044 and R0097 also have implementation dates aligned to MHHS Programme Milestone M8	Open

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PRELIMINARY ASSESSMENT

11 BUSINESS CASE ASSESSMENT

The business case for this change is linked to the delivery of the MHHS Target Operating Model. 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. Ofgem's 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 the 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. Ofgem reviewed the responses and have also taken into consideration Elexon's included and planned Programme Management costs, all of which are recovered from Energy Suppliers.

The responses effectively represented a small 'sample' of the industry. Ofgem noted that 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 Ofgem received, it concluded 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 Energy 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, Ofgem noted that the total implementation costs still appear to remain an order of magnitude lower than the quantified benefits that Ofgem estimated would result from introducing MHHS (to which the benefits that are not quantifiable would be added). Ofgem therefore remains of the view that MHHS can be expected to deliver significant net benefits to energy consumers in Britain.

COSTS	COSTS
PARTIES	Costs of MHHS for REC Parties have been considered in the Ofgem Final IA outlined above.
SERVICE PROVIDERS	Impacts of MHHS for all REC Service Providers are being managed through the MHHS Programme and/or directly through the RECCo MHHS programme and costs have been considered in the Ofgem Final IA outlined above.
CODE MANAGERS	Impacts of MHHS for the REC Code Managers are being managed directly through the RECCo MHHS programme and costs have been considered in the Ofgem Final IA outlined above.

BENEFITS	BENEFITS DESCRIPTION
MHHS PROGRAMME	Definition of the obligations, processes and provisions within the REC is a key component to the delivery of the MHHS Target Operating Model and will enable positive Consumer impacts to billing accuracy, trust and confidence, security of supply and ability to pay.

12 CASE FOR CHANGE

The Code Manager believes that R0209 better facilitates the following REC Objectives:

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[1]	Positive	This Change Proposal will better facilitate this objective as it will ensure that the REC will have evolved and can operate during the transition to and under the enduring governance and operational arrangements for MHHS.
To ensure customers interests and data is protected in the operation of the REC	Positive	Ofgem has estimated that the MHHS programme will deliver significant benefits to Consumers (net consumer benefits of between £1.6bn and £4.5bn over the period 2021-2045). RECCo and the Code Manager's role in the development of the code drafting has ensured Consumer interests and data protection has been considered during the code drafting process.
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Positive	This Change Proposal, through its delivery of the MHHS Design requirements across the REC under one programme has enabled aligned development of central systems and communication infrastructures.

[1] REC Mission Statement

13 APPENDIX

CHANGE PROPOSAL	Link
SOLUTION DEVELOPMENT REPORT	Link
LEGAL DRAFTING	Link
OTHER MHHS RELATED CHANGES	BSC Modification P478 Implementation of MHHS Arrangements Change Proposal Register - DCUSA for DCP 445: Implementation of Market-wide Half Hourly Settlement (MHHS) Arrangements 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. R0192 - Housekeeping Amendments R0121 - SDEP Review Improvements (1) - Process Types
ANY OTHER DOCUMENTS / LINKS	Ofgem's letter to the Code Manager Electricity Retail Market-wide Half-hourly Settlement: Decision and Full Business Case | Ofgem MHHS Programme

	Finalisation of Code Artefacts - MHHS Programme Consequential Change Solution Documents – REC MSAG

14 GLOSSARY

TERM	DEFINITION
Balancing and Settlement Code (BSC)	means the Balancing and Settlement Code, as defined in the Electricity Supply Licences
Central Switching Service (CSS)	means the Systems and processes provided or procured by the CSS Provider for the purpose of providing the Address Management Service and the Registration Service.
Consumer	means any person supplied (or seeking a supply) of Energy at an RMP (whether or not that person also exports or is seeking to export electricity at an RMP).
CSS Provider	means the DCC when performing functions under or in relation to this Code (but always excluding its functions under the Smart Energy Code and its roles as CSS Systems Integrator, SI Provider and Switching Operator), including in respect of the Central Switching Service and including in effecting the design, build and testing of any System that will allow it to perform functions under this Code after the CSS Go-Live Date. This role is the CSS Procurer and Manager function as described in the E2E Data Migration Plan, E2E Integration Plan, E2E Post Implementation Plan, E2E Testing Plan, E2E Transition Plan: Implementation Approach and E2E Transition Plan: In-Flight Switches Approach.
Data Communications Company (DCC)	means the person holding the DCC Licence.
Distribution Network Operator (DNO)	means a person holding an Electricity Distribution Licence.
Electricity Retail Data Service (ERDS)	means the electricity registration services provided under this Code to support the provision of electricity retail data to the CSS and other services.
Electricity Enquiry Service (EES)	means the service described as such in the EES Service Definition.

Market-wide Half Hourly Settlement (MHHS)	Market Wide Half-Hourly Settlement will utilise the ability of smart meters to record a customer's usage during each half hour period to move domestic and small non-domestic customers to half-hourly settlement. Medium and larger non-domestic consumers have been settled half-hourly since BSC modification P272.
MHHS Milestone M8 'Code changes delivered'	This is the milestone at which the consequential changes, required to the industry codes to enact the MHHS Design, will be implemented. The date will be determined and governed by the MHHS Programme.
MHHS Target Operating Model (TOM)	The Target Operating Model is the settlement arrangements designed by the Design Working Group (DWG), and further developed by the Code Change and Development Group (CCDG) and the Architecture Working Group (AWG) that will facilitate Market-wide Half Hourly Settlement.
Registrable Measurement Point (RMP)	means a Supply Meter Point or Metering Point identified in the Central Switching Service.
Registration Data	means the data recorded in relation to a Registration.
Registration Service	means the component of the Central Switching Service which records Switching Operation Data and manages Switches, as further described in the Switching Data Management Schedule and the Registration Services Schedule.
Significant Code Review (SCR)	means a review of one or more matters by the Authority which the Authority considers is: related to this Code (whether on its own or together with other Energy Code(s); and likely to be of significance in relation to the Authority's principal objective and/or general duties (as set out in section 3A of the Electricity Act and section 4AA of the Gas Act), statutory functions and/or relevant obligations arising under Law, and concerning which the Authority has issued a notice that the review will constitute a significant code review.
Smart Meter Data Retriever	means the new industry role that is being introduced into the REC through R0044 The role is known in the Smart Energy Code and MHHS Programme as Meter Data Retriever