

Distribution Connection and Use of
System Agreement (DCUSA) Panel
(by email)

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Date: 13 August 2021

(DCUSA Panel Secretary)

Dear Colleague,

Electricity Settlement Reform Significant Code Review: Authority-Led Change Proposal

Direction pursuant to Clause 11.9A of the Distribution Connection and Use of System Agreement

We refer to our document¹ 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 Condition 22.9EB of the Electricity Distribution Licence; (2) Clause 10.2.5 of the Distribution Connection and Use of System Agreement (DCUSA), and (3) the Electricity Settlement Reform SCR, the Authority hereby submits to the DCUSA Panel the enclosed Authority-Led Change Proposal.⁵

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 As defined by the DCUSA.

We note that Clause 11.9A of DCUSA states that the Definition Procedure shall not apply to Authority-Led Change Proposals. In line with the DCUSA's definition of "Authority-Led Change Proposal", we consider that this Authority-Led Change Proposal has been developed following consultation with wider stakeholders, specifically through the MHHS Consultation on Implementation and Governance Arrangements (the April 2021 consultation).⁶ The purpose of these arrangements 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.⁷ In our view, the consultation in relation to this Authority-Led Change Proposal is such that it is unnecessary to submit the proposal to the DCUSA Definition Procedure.

In line with the Authority's SCR guidance⁸, 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 DCUSA), including drafts of the first set of BSC 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 about certain points. We have updated the legal text we consulted on in the light of this. The revised proposed legal text is provided alongside our decision on MHHS implementation arrangements.⁹ We have also discussed with colleagues in Electralink how to coordinate the DCUSA Panel's procedures to allow consideration of this Authority-Led Change Proposal and provided periodic updates to the DCUSA Panel about the status of, and proposed next steps regarding, this Authority-Led Change Proposal.

Please ensure that the enclosed Authority-Led Change Proposal is published on the DCUSA website.

⁶ The ['MHHS Consultation on Implementation and Governance Arrangements'](#) (April 2021) is published on our website.

⁷ The [MHHS Decision and Full Business Case \(April 2021\)](#) appears on our website.

⁸ The [SCR Guidance Document](#) is available on our website.

⁹ See a link to our Decision document in footnote 4 above.

DIRECTION PURSUANT TO DCUSA CLAUSE 11.9A

Clause 11.9A of the DCUSA states that in respect of all Authority Change Proposals, the Authority may by direction specify and/or amend:

- 11.9A.1 the timetable to apply to each stage of the Assessment Process for the Change Proposal; and/or
- 11.9A.2 the date from which the variation envisaged by the Change Proposal is to take effect.

Clause 11.12 states that the Panel, the Secretariat and any Working Group shall each, in the case of a timetable determined in accordance with Clause 11.9A, complete the respective tasks assigned to them under the Assessment Process within that timetable.

Pursuant to Clause 11.9A of the DCUSA, the Authority hereby directs the DCUSA Panel and the Secretariat to comply with the following timetable for completion by them of the following procedural steps for this Authority Change Proposal:

DCUSA provision	Procedural step	Deadline for completion
11.9A and 10.17	"10.17 Where a Change Proposal is referred to the Panel, and where the Panel has not refused to accept the referral of that proposal, the Panel shall ensure that the proposal is placed into the Assessment Process in accordance with Clause 11."	18 August 2021
11.9A and 11.19	"11.19 The Secretariat shall, in respect of any Change Proposal submitted to it by the Panel, prepare a written report (the Change Report) on the proposal (the Report Phase)(...)". The Change Report will be discussed by the DCUSA Panel (ex-committee) ahead of submission to DCUSA Party consultation and vote.	31 August 2021
11.9A and 11.22	"11.22 Following receipt of a Change Report, the Panel shall either: 11.22.1 where the Panel considers that additional work or significant amendment of the Change Report is required, send it back to the Working Group (or, where the Change Proposal was not subject to the Definition Procedure, form a new Working Group) to consider the Change Report; or	1 September 2021

	11.22.2 as soon as reasonably practicable following receipt of the Change Report (but, unless otherwise exempted by the Authority, not earlier than 7 days after the Change Report was provided to the Authority), subject to Clause 11.24, ensure that the Change Proposal is submitted to the Voting Procedure in accordance with Clause 12.”	
11.9A, 13.4 and 13.8	<p>“13.4 The Secretariat shall be responsible, in respect of each Change Proposal, for: 13.4.1 monitoring the votes which are received and collated in accordance with Clause 12.4; 13.4.2 calculating whether the votes, having regard to the Weighted Vote allocated to each Group, are sufficient to meet the thresholds set out in Clauses 13.5 and 13.6; 13.4.3 having made those calculations, declaring whether: (A) in the case of a Change Proposal that relates to a Part 1 Matter, the Parties are deemed to have recommended to the Authority that the proposal should be accepted or rejected (...)” and</p> <p>“13.8 The Secretariat shall, as soon as is reasonably practicable after making a declaration under Clause 13.4.3, give notice of that declaration to: (...)13.8.5 the Authority”</p>	22 September 2021

Clause 11.9A.2 of the DCUSA also states that the Authority may by direction set and/or amend the date from which the variation envisaged by the Authority-Led Change Proposal is to take effect. We will aim to make a decision on this Authority-Led Change Proposal as soon as possible. If the Authority approves it, 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 2021¹⁰, and following discussions with colleagues in the code bodies, we expect to submit this first set of Electricity Settlement Reform SCR modification or change proposals to the impacted codes during August 2021 (except for the

¹⁰ See footnote 1 above for the link to our 12 August 2021 document.

Retail Energy Code (REC)).¹¹ 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-Led Change Proposal is October 2021, although we will endeavour to issue a decision as soon as possible following our receipt of the DCUSA declaration in relation to this Authority-Led 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 Electralink for their support in taking forward this Authority-Led 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

13 August 2021

¹¹ In the case of the REC, REC version 2.0 is expected to come into force no earlier than 1 September 2021. We expect to raise a modification proposal to make the change to the REC after REC version 2.0 has come into force.