

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

BY EMAIL TO:

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Date: 4 September 2024

Dear Colleagues,

**Electricity Settlement Reform Significant Code Review (SCR): Authority Led SCR  
Change Proposal 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'.<sup>1</sup> 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 Distribution Connection and Use of System Agreement (DCUSA), 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.<sup>2</sup>

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). The CDWG has led on the drafting and review of the code changes necessary to reflect the baselined MHHS design, while the CCAG has centrally coordinated, monitored and managed the code changes recommended by the CDWG. Importantly, since 2022, MHHS Programme has managed several rounds of consultation enabling wider Programme Participants to engage with and influence the code text as it has developed. MHHS Programme has also liaised closely with the CCAG and CDWG throughout this period.

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<sup>1</sup> [MHHS Implementation and Governance Arrangements \(P423\)](#), Ofgem, September 2021.

<sup>2</sup> See section C12.5.2(c) of the BSC.

The final round of industry-wide consultation took place in June and July 2024. Ofgem began its review of the draft legal text at this stage. After addressing stakeholder feedback, the Programme circulated the proposed legal text to the CCAG. On 21 August 2024, the CCAG agreed that this legal text properly reflected the MHHS Design and the CCAG Chair baselined it in accordance with the M6 deadline in the MHHS Implementation Timetable. The Chair of the CCAG, on behalf of the MHHS SRO, then wrote to Ofgem to request that we raise a modification bringing the draft provisions into effect.

Having completed our review of the baselined 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. Consequently, the Authority is now raising this DCUSA Change Proposal to introduce the MHHS arrangements. Pursuant to and in accordance with Standard Condition 22.9EB of the Electricity Distribution Licence; Clause 10.2.5 of the DCUSA, and the Electricity Settlement Reform SCR, the Authority hereby submits to the DCUSA Panel the enclosed Authority-Led Change Proposal. Please ensure that it is published on the DCUSA website.

### ***Next steps and direction***

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.

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 CCAG and CDWG processes outlined above. In our view, the consultation already undertaken 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 guidance<sup>3</sup>, we have discussed with colleagues in ElectraLink how to coordinate the DCUSA Panel's procedures to allow consideration of this Authority-Led Change Proposal. In light of those discussions, and 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-Led Change Proposal:

<b>DCUSA provision</b>	<b>Procedural step</b>	<b>Deadline for completion</b>
11.9A and 10.17	The Panel shall ensure that the Authority-Led Change Proposal is placed into the Assessment Process	18 September 2024
11.9A and 11.19	The Secretariat shall prepare a Change Report on the Authority-Led Change Proposal for discussion by the DCUSA Panel ahead of submission to DCUSA Party vote	9 October 2024
11.9A and 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	17 October 2024
11.9A, 13.4 and 13.8	The Secretariat shall monitor the votes received and collated in accordance with Clause 12.4 and shall calculate 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. Having made those calculations, the Secretariat shall declare whether the Parties are deemed to have recommended to the Authority that the Authority-Led Change Proposal should be accepted or rejected, and the Secretariat shall give notice of that declaration to the Authority	8 November 2024

<sup>3</sup> [Ofgem guidance on the launch and conduct of Significant Code Reviews](#), August 2022.

## ***Decision stage***

Our decision on this Authority-Led Change 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 11 December 2024. However, we will endeavour to issue a decision as soon as possible following receipt of the relevant Responsible Sub-Committee's recommendation on 8 November.

As noted above, 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. The Authority proposes to direct that this Authority-Led 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 Change Proposal, the DCUSA Secretariat shall establish a release date in line with the M8 deadline.

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 DCUSA that have been identified as being necessary for the implementation of the MHHS arrangements. However, it remains possible that further changes to the DCUSA may be needed to bring the new MHHS arrangements fully into effect. The SCR therefore will remain open after the M7 and M8 milestones. If further code changes do prove to be necessary, we may make those code 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 MHHS Programme, ElectraLink and the industry, via the CCAG and CDWG, for their support in developing the proposed legal text. We would also like to thank the DCUSA Panel and Secretariat for taking forward this Authority-Led 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 September 2024