

Trisha Mcauley
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(by email)

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BY EMAIL TO:

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(CUSC Panel Secretary)

Date: 12 August 2021

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Dear Trisha,

Electricity Settlement Reform Significant Code Review: Authority Led CUSC Modification Proposal

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 C10(6E) of the Electricity Transmission Licence; (2) paragraphs 8.17A.1 and 8.17B of the Connection and Use of System Code (CUSC), and pursuant to the Electricity Settlement Reform SCR, the Authority hereby submits to the CUSC Panel the enclosed Authority Led CUSC Modification Proposal⁵ for an Authority Led CUSC Modification.⁶

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 CUSC.

⁶ As defined by the CUSC.

This Authority Led SCR Modification Proposal has been developed following consultation with wider stakeholders, specifically through the MHHS Consultation on Implementation and Governance Arrangements (the April 2021 consultation).⁷ The purpose of these arrangements is to enable industry-led delivery of MHHS implementation in line with our MHHS Decision and Full Business Case.⁸

In line with the Authority's SCR guidance⁹, 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 BSC and to other affected codes (including the CUSC), 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 on 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.¹⁰ We have also discussed with colleagues in National Grid Electricity System Operator (NGESO) how to coordinate the CUSC Panel's procedures to allow consideration of this Authority Led CUSC Modification Proposal and provided periodic updates to the CUSC Panel about the status of, and proposed next steps regarding, this Authority Led CUSC Modification Proposal.

Please ensure that the enclosed Authority-Led CUSC Modification Proposal is published on the CUSC website.

Next steps

We note that paragraph 8.17B.2 of the CUSC states that, in response to an Authority Led CUSC Modification Proposal, the CUSC Panel shall prepare an Authority Led CUSC Modification Report.¹¹ Under the terms of that paragraph, that Report shall include, *inter alia*, "(d) a timetable for implementation of the proposed modification, including the date with effect from which such proposed modification could take effect." Under the terms of

⁷ The '[MHHS Consultation on Implementation and Governance Arrangements](#)' (April 2021) is published on our website.

⁸ The '[MHHS Decision and Full Business Case](#)' (April 2021) appears on our website.

⁹ The '[SCR Guidance document](#)' is available on our website.

¹⁰ See a link to our Decision document in footnote 4 above.

¹¹ As defined by the CUSC.

paragraph 8.17B.6 of the Code, the timetable for completion of the procedural steps for an Authority Led CUSC Modification shall be set by the Authority in its sole discretion.

Accordingly, the Authority hereby sets the following timetable for completion by the CUSC Panel of the procedural steps for this Authority Led CUSC Modification:

CUSC provision	Procedural step	Deadline for completion
8.17B.2	Preparation by the CUSC Panel of the Authority Led CUSC Modification Report	31 August 2021
8.17B.3	Submission of final Authority Led CUSC Modification Report to the Authority	28 September 2021

Paragraph 8.17B.5 of the CUSC states that the timetable referred to in paragraph 8.17B.2 (d) for implementation of any proposed modification shall be in accordance with any direction issued by the Authority. We will aim to make a decision on this Authority Led CUSC Modification 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 2021¹², 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 Retail Energy Code (REC)).¹³ 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 CUSC Modification Proposal is October 2021, although we will endeavour to issue a decision as soon as possible following our receipt of the Authority Led CUSC Modification Report.

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

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

¹³ 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.

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 NGESO for their support in taking forward this Authority Led CUSC Modification 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

12 August 2021