Business Requirements

Modification Proposal P413

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ELEXON

MHHS PMO BUSINESS REQUIREMENTS

Document History

Date	Version	Author	Reviewers	Description
30 September 2020	0.1	Andrew Margan	Shamaila Jawaid	First draft
07 October 2020	0.2	Andrew Margan	Design Authority, Legal, Finance, Change	Workgroup Copy
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19 October 2020	0.4	Andrew Margan	Design Authority, Legal, Finance, Change	Updated following October Workgroup discussions

Approvals

Date	Name	Role
	Justin Andrews (Approver)	Head - Design Authority

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MHHS PMO BUSINESS REQUIREMENTS

1. INTRODUCTION

1.1 Document Purpose

To lay out the Business Requirements to deliver the Proposed Modification P413 MHHS PMO solution.

CHANGE SUMMARY

1.2 Introduction

On 30 April 2020, Ofgem launched the consultation on their Impact Assessment (IA) on Market-wide Half Hourly Settlement. The consultation sets out the high-level business case for MHHS which is positive; total net benefits for GB consumers of £1.6bn-£4.6bn (2018 prices, 2018 NPV). The consultation sets out Ofgem's view for the Programme Structure -

- An overall **Programme Co-ordinator** (PC) or **Programme Management Office** (PMO), responsible for creating and managing the overall end-to-end programme delivery plan including communication with stakeholders.
- A **System Integrator** (SI), responsible for managing the integration, testing and transition to the new central settlement system and new service components, including integration testing with participants on new or amended interfaces.
- A **Programme Party Co-ordinator** (PPC), responsible for monitoring Parties' implementation progress (including scrutinising Parties' self-assessments) and reporting this to the PC/PMO.

Ofgem also proposes a separate **Assurance** function, responsible for assuring Ofgem that the PC/PMO, SI and PPC are able to achieve their delivery plans and that robust systems of accountability are in place to incentivise this.

The programme will deliver -

- Changes required to central industry systems and processes.
- Changes required to participant systems and processes.
- Transition of all Metering Systems from the old to the new Settlement arrangements.

To enable Elexon to perform the Programme activities and lead the programme, P413 is designed to be the vehicle that amends the BSC and provides Elexon the vires to lead the programme, whilst being accountable to Ofgem as the programme Senior Responsible Owner (SRO).

These business requirements are to detail the steps required to create the MHHS Programme functions and establish the BSC cost recovery mechanism.

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1.3 MHHS PMO Problem Statement

Element	Description
The problem of	The BSC arrangements do not extend to permit Elexon to perform MHHS PMO, SI and PPC activities.
Affects	If appointed by Ofgem, under the BSC Elexon does not have the permissions to be the programme lead or MHHS PMO, SI and PPC.
The impact of which	This means the MHHS PMO, SI and PPC, and related activities can't be progressed in line with Ofgem's programme timelines, if Ofgem wishes to appoint Elexon.
A successful solution would	Amend the governance arrangements in BSC Section C, to give Elexon the vires to lead the programme, create the MHHS PMO and related functions, and agree the charging mechanism to recover costs from the appropriate BSC parties.

1.4 Scope

P413, and by extension these Business Requirements will -

- Modify the BSC to permit Elexon to lead the MHHS Programme through being the PMO, SI and PPC.
- Establish the appropriate BSC cost recovery mechanism.

It should be noted that P413 is solely concerned with the MHHS PMO, SI and PPC cost recovery mechanism only and this change should not be expanded to include a wider cost recovery review of Elexon/BSC costs.

1.5 Impacts

Based on the current scope of the modification, Section C of the BSC will need to be amended. New BSC activities will be set out as a result.

1.6 References

The following documents are related to or affected by this project.

Document	Author	Date
https://www.ofgem.gov.uk/ofgem-publications/163168	Anna Stacey, Ofgem	30 April 2020
https://www.elexon.co.uk/committees-meetings/market-wide-half-hourly-settlement-mhhs-working-groups/	ELEXON	Unknown

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2. HIGH LEVEL OVERVIEW

2.1 Overview

The change will create new BSC functions and responsibilities for Elexon (as the BSCCo) relating to the PMO, SI and PPC. Elexon will be tasked with MHHS Programme mobilisation, system design, build, test, and integration and go-live.

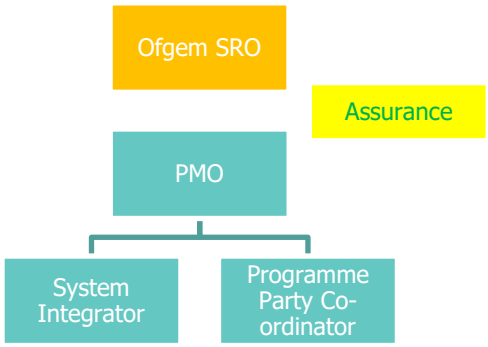
2.2 Summary of Outcomes

The following is a summary of the intended outcomes reflected in the P413 business requirements:

- Elexon's BSC vires are amended to enable it (as BSCCo) to participate in any appointment process for the PMO, SI and PPC functions run by Ofgem outside the BSC.
- Elexon is able to recover the costs of bidding for the PMSO, SI and PPC roles from BSC Parties as BSC Costs.
- Elexon's BSC responsibilities are amended so that, if it is appointed by Ofgem, it is required (as BSCCo) to carry out the role of the MHHS PMO, SI and PPC as BSC activities for the duration of its appointment by Ofgem. These new BSC responsibilities will only come into effect (be 'switched on') if Ofgem separately appoints Elexon to these roles.
- Elexon is enabled to sub-contract any elements of the PMO, SI and PPC roles during the term of its appointment.
- Elexon is able to recover the costs of providing the PMO, SI and PPC functions from BSC Parties as BSC Costs.
- Elexon, if asked to do so by Ofgem, will be required by the BSC to procure and appoint the MHHS independent Assurance provider (with Ofgem's agreement/ratification of the appointment and procurement process).
- If Elexon is appointed as the PMO, SI and PPC, the costs of the Assurance provider role will be recovered from BSC Parties as BSC Costs.
- Elexon and any Assurance provider will be accountable to Ofgem for their performance of their roles.
- Elexon's programme costs and any Assurance provider costs will be transparent to BSC Parties.
- The P413 solution is compatible with Ofgem's timescales for appointing the PMO, SI and PPC and commencing these functions' activities.

2.3 Programme Management Structure

The diagram sets out a possible high-level programme structure.



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3. BUSINESS REQUIREMENTS

Ref. no	Business Requirement
	Vires to place MHHS Programme obligations on Elexon
BR1	**Elexon to establish the PMO, SI and PPC function** Requirement Description BSC amended to enable Elexon, as BSCCo, to take part in an appointment process run by Ofgem outside the BSC. Following an Ofgem decision to appoint Elexon, the BSC requirement for Elexon to create a MHHS PMO, SI and PPC function that is responsible to Ofgem will become effective. This will be a new BSC function that Elexon is required to undertake as BSCCo, for such time as it remains appointed by Ofgem. The PMO, SI and PPC functions will be structured and resourced appropriately to deliver the outcomes of the MHHS programme. In the event of poor performance Ofgem can de-appoint Elexon as the programme PMO, SI and PPC provider. This process will take place outside of the BSC. Some cost-recovery run-off arrangements may be needed in the BSC to cover any early de-appointment.
BR2	**Enable Elexon to recover PMO, SI and PPC bid costs** Requirement Description BSC amended to enable Elexon to recover PMO, SI and PPC bid costs from BSC Parties, through the Main Funding Share and capped at £100k.
BR3	**Enable Elexon to report PMO, SI and PPC bid costs** Requirement Description BSC amended to require Elexon to report PMO, SI and PPC bid costs to BSC Parties.
BR4	**Elexon can sub-contract elements of the PMO, SI and PPC function** Requirement Description In establishing the PMO, SI and PPC functions, Elexon may sub-contract one or more elements of the PMO, SI and PPC functions to successfully carry out the programme role. These will be subcontracted functions of BSCCo's role and will not constitute BSC Services / BSC Agent roles. Any contracts associated with these roles will terminate with Elexon's appointment as PMO, SI and PPC. Some cost-recovery run-off arrangements may be needed to cover any early de-appointment of Elexon.

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MHHS PMO BUSINESS REQUIREMENTS

	Description of PMO, SI and PPC role
BR5	**PMO description** Requirement Description The PMO must manage the end-to-end delivery of the MHHS programme, from mobilisation, design, build, test, integration and go-live. P413 assumes that governance of the MHHS programme (including any service levels for the PMO, SI, PPC and Assurance roles) will be set out in appropriate Ofgem programme documentation outside of the BSC.
BR6	**SI description** Requirement Description The SI must support the system design and build phases, and plan, co-ordinate and manage parties' activities and resources during the system test and integration phases.
BR7	**PPC description** Requirement Description The PPC must assess party readiness during the build, and before each test and integration milestone to ensure parties are ready to meet programme milestones.
BR8	**Reporting to Ofgem and BSC Parties** Requirement Description Elexon must report progress in such format and timeline as specified by Ofgem. Reporting to BSC Parties on activities and costs will be undertaken in line with the existing Business Strategy process and Annual BSC Report.
	Recovery of MHHS PMO costs
BR9	**Mechanism to recover MHHS Programme costs** Requirement Description Elexon's costs in providing the PMO, SI and PPC roles will be BSC Costs and will be recovered under the BSC using the "Main Funding Share".

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	For Year-1 an additional ad-hoc budget process will be established to enable first year programme costs to be counted as BSC Costs (since the 2021/22 Annual Budget will be set before the programme appointment). Costs from Year-2 onwards will form part of the normal Annual BSC Budget process.
	Establishment of the independent Assurance function
BR10	**Elexon to establish the independent Assurance function** Requirement Description BSC amended to reflect obligation on Elexon, if required by Ofgem, to procure the MHHS independent Assurance function on behalf of Ofgem that is responsible to Ofgem. Ofgem will approve/ratify the scope of the procurement activity and the appointment. The Assurance role will not be a BSC Service / BSC Agent; the process will be similar to appointing corporate auditors. The contract associated with this Assurance role will be for such time as it remains appointed by Ofgem, even if Elexon's appointment is ended by Ofgem.
BR11	**Independent Assurance function description** Requirement Description Reporting and accountable to Ofgem, the independent Assurance function must assure the PMO, SI and PPC delivery plans, resourcing, accountabilities and incentivises for programme delivery success.
BR12	**Mechanism to recover MHHS independent Assurance costs** Requirement Description Independent Assurance costs will follow the same "Main Funding Share" recovery mechanism as outlined in BR9.

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