

Balancing and Settlement Code (BSC) P484: Amending Metering Obligations for CfD Assets (P484)

Decision	The Authority ¹ directs that this modification be made ²
Target audience	National Energy System Operator (NESO), Parties to the BSC, the BSC Panel and other interested parties
Date of publication:	25 April 2025
Implementation date:	2 May 2025

Background

P484 is a proposed modification to the Balancing and Settlement Code (BSC) that aims resolve a misalignment between the BSC and the requirements of the Contracts for Difference (CfD) scheme³ by introducing greater flexibility in asset registration within Balancing Mechanism (BM) Units.

BM Units are used as units of trade within the Balancing Mechanism. Each BM Unit accounts for a collection of plant and/or apparatus, and is considered the smallest grouping that can be independently controlled. As a result, most BM Units contain either a generating unit or a collection of consumption meters. Any energy produced or consumed by the contents of a BM Unit is accredited to that BM Unit.

The CfD scheme is the UK government's primary mechanism for supporting new low-carbon electricity generation projects in Great Britain. Generators with CfD contracts are required to adhere to the rules and obligations set out by the CfD counterparty, Low Carbon Contracts Company (LCCC). This is to ensure compliance and performance of the generator. The CfD

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ [Contracts for Difference - GOV.UK](https://www.gov.uk/government/publications/contracts-for-difference)

scheme is regularly reviewed to ensure it remains effective as the electricity system evolves towards the UK's net-zero ambitions.⁴

Several key government policy decisions have been made to increase the CfD scheme's flexibility, benefiting energy consumers and supporting the UK's net zero goals. In 2024, the Department for Energy Security and Net Zero (DESNZ) consulted on potential changes to future CfD allocation rounds.⁵ In October 2024, policy considerations were published, including discussions on metering arrangements to facilitate co-location of CfD generators with other assets. It was concluded that there would be no changes to metering arrangements for Allocation Round 7 (AR7) due to implementation complexity. However, the government will continue to consider future amendments to the CfD scheme based on market developments. A follow-up consultation ran between February and March 2025⁶, with outcomes yet to be published.

Misalignment of the BSC and CfD:

The BSC currently requires CfD Assets in the BM to be grouped exclusively with assets from the same CfD contract within their specific BM Unit. This was originally introduced to ensure that CfD metered volumes were accurately settled within the balancing arrangements. However, technological advancement means it is now possible to meter CfD Assets directly at the point of generation, behind the Boundary Point Metering System associated with the BM Unit.

Phased CfD projects utilise staggered start dates to mitigate delivery risks, enhance financing, and reduce project costs, thereby promoting low-carbon generation at the lowest cost to consumers. In a phased CfD project, a single central metering point can be used for generation across all phases, rather than separate meters for each phase. However, staggered start dates result in staggered contract end dates. When the contract for the first phase concludes, the assets no longer meet the BSC definition of CfD Assets, as the BM Unit would

⁴ [Net Zero Strategy: Build Back Greener - GOV.UK](#)

⁵ [Proposed amendments to Contracts for Difference for Allocation Round 7 and future rounds - GOV.UK](#)

⁶ [Further reforms to the Contracts for Difference scheme for Allocation Round 7 - GOV.UK](#)

no longer solely comprise of CfD Assets. Any sites with mixed assets (CfD Assets and non-CfD Assets) behind a single BM Unit, will contravene BSC Section K 3.1.8.⁷

The modification proposal

BSC P484: "Amending BSC Metering Obligations for CfD Assets" (P484), proposed by the Low Carbon Contracts Company (LCCC, the Proposer) on 13 January 2025, aims to align BSC rules with the existing CfD scheme by introducing greater flexibility in asset registration within BM Units. The modification proposes an amendment to BSC Section K 'Classification and Registration of Metering Systems and BM Units' and BSCP 15.

P484 would enable BM Units to include both CfD and non-CfD Assets if permitted by the CfD contract or agreed in writing by the CfD counterparty. Decided on a case-by-case basis, LCCC will allow generators to combine these assets in a single BM Unit, where it considers it appropriate and consistent within the current CfD scheme.

Alongside the modification, the Proposer hosted a teach-in session for the BSC Panel. The session was to clarify and provide further technical insight on the proposed modification to the Panel. To support this a technical briefing document⁸ was published as attachment D alongside the Final Modification Report (FMR).

It is important to note that P484 is not intended to enable hybrid metering generally; it focuses on managing the metering of specific impacted CfD sites. As discussed at the BSC Panel, the co-location of CfD generators is a separate consideration for government.

Impacted sites:

⁷ K 3.1.8 A BM Unit comprised of CfD Assets shall be comprised solely of the CfD Assets specified in the Contract for Difference relating to that BM Unit and shall not include any other Plant or Apparatus (the "**Relevant CfD Assets**"). [BSC Section K: Classification and Registration of Metering Systems and BM Units - Elexon Digital BSC](#)

⁸ 'Attachment D: LCCC Technical Briefing Document' can be found in the Final Modification Report zip file- [P484 Amending BSC Metering Obligations for CfD Assets - Elexon BSC](#)

The technical briefing provided by Elexon alongside this modification proposal details the apportioned phased CfD sites which will be impacted in the absence of P484. Currently DESNZ and LCCC have an operational workaround for a small number of sites impacted, however P484 has been proposed to ease the administrative burden for impacted sites moving forward.

Below are the categories provided in the Elexon technical briefing, of the various technologies which will be impacted by P484:

- Offshore Wind Farms,⁹
- Tidal technology,¹⁰
- The evolution of Direct Current co-located Battery Energy Storage System (BESS).

This modification would also impact Non-islanded Private Wire CfD. These sites are licence-exempt generators who are not party to the BSC.¹¹

Further information can be found in Appendix 1 below.

DESNZ have expressed their support of this modification to the Panel. In DESNZ's letter of support to the Panel, they confirm that the current requirement for separate BM Units for CfD and non-CfD Assets does not always align with the CfD scheme, especially for phased offshore wind projects. DESNZ agrees with LCCC that relaxing clause K3.1.8 on a case-by-case basis is beneficial in certain scenarios, ahead of potential wider reform around co-location and hybrid metering.

⁹ Apportioned phased CfDs are primarily used in offshore wind projects, which have larger capacities and are more complex to build. These projects are built in modular sections over several years. Under this arrangement, each phase of the project is allocated a separate agreement, and the metering of energy production is apportioned across these phases, behind a single BM Unit. The BM Unit will eventually include non-CfD assets beyond their 15-year term, alongside assets which are still within their CfD.

¹⁰ Tidal Technology: As a less established generation technology, small-scale tidal projects experience higher costs per MWh due to delivery risks. These sites have apportioned metering between Tidal Stream generators and a BM Unit meter point at the landfall substation. Apportionment is based on SCADA or equivalent data points at the sub-BM Unit level, similar to AR4 Offshore Wind Projects.

¹¹ Non-islanded Private Wire CfD: Private Wire CfD are CfDs on local networks not part of the Transmission or Distribution networks. Those local networks will have final demand. The CfD explicitly allows and foresees that these local networks would be connected to the Transmission network. However, the only way to achieve this is for those local networks to have BM Unit, which would contravene this rule.

LCCC addressed concerns from the Panel regarding assurance and administration of CfD settlements if this modification is approved. LCCC have committed to using real-time SCADA¹² data collection and to continuing to conduct annual operational audits. They have also committed to publishing relevant metered volume data for assets with a mixture of CfD and non-CfD Assets within a BM Unit on their data portal to ensure transparency.

LCCC emphasized that this modification does not impact consumer protection and maintains the integrity of settlement processes.

BSC Panel¹³ recommendation

At the BSC Panel meeting on 10 April 2025, the Panel voted unanimously that P484 would better facilitate the BSC objectives and the Panel therefore recommended its approval. The Panel considered that P484 would better facilitate BSC objective (f) by improving the administrative arrangements for the operation of contracts for difference.

Our decision

We have considered the issues raised by the modification proposal and the FMR¹⁴ dated 14 April 2025. We have considered and taken into account the responses to the industry consultation(s) on the modification proposal which are attached to the FMR. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the BSC;¹⁵ and

¹² SCADA is an abbreviation for Supervisory Control and Data Acquisition, a real time monitoring system which collects data from various sensors and data within BMUs. [National Grid ESO Operational Metering](#)

¹³ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and Condition E1 of the Electricity System Operator Licence.

¹⁴ BSC modification proposals, modification reports and representations can be viewed on the Elexon website at www.elexon.co.uk

¹⁵ As set out in Condition E1 of the Electricity System Operator Licence.

- directing that the modification be made is consistent with our principal objective and statutory duties.¹⁶

Reasons for our decision

We consider this modification will better facilitate BSC objective (f) and have a neutral impact on the other applicable objectives.

(f) implementing and administering the arrangements for the operation of Contracts for Difference and arrangements that facilitate the operation of a Capacity Market pursuant to EMR legislation

We note that the Panel unanimously recommended that P484 should be approved, and that the modification would better facilitate BSC objective (f), with a neutral impact on all other objectives. The four stakeholders who responded to the consultation also supported the modification proposal.

We consider that P484 aligns the BSC with the governments CfD scheme, enabling more innovative and flexible use of renewable generation. It reduces the administrative burden for CfD contract holders and supports the efficient operation of the CfD regime, supporting BSC objective (f).

Currently, the misalignment between the BSC and CfD scheme leaves some CfD Assets non-compliant with the BSC, creating a complex administrative rectification process. P484 would resolve this issue and simplify this process by allowing Parties to register BM Units that include a combination of CfD and / or non-CfD Assets, where this is permitted by the CfD contract and agreed by LCCC.

LCCC have confirmed that it will permit generators to combine CfD and non-CfD Assets in a single BM Unit, only if it is appropriate and consistent with their existing CfD framework.

¹⁶ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

The P484 technical briefing document details how metering will remain fully compliant with the BSC. LCCC has confirmed their ability to uphold efficient metering integrity with mixed assets by metering behind the boundary point meter in context of measuring the BM Unit. This aligns with BSC objective (f) by enabling effective administration of CfDs within the evolving energy market while maintaining metering integrity and consumer confidence.

LCCC have committed to publishing all metering data relevant to CfD settlements through their data portal (as it is currently for pre-existing CfDs), this will include data on per phased metered volume for every half hour of settlement. We expect transparency and accuracy of the LCCC data to be maintained to ensure confidence in the market arrangements.

Further to this, licensed generators with a mixture of CfD and non-CfD Assets within the same BM Unit will need to consider how their submission bid prices in the BM ensures they are compliant with their obligations under standard licence condition 20A (the Transmission Constraint Licence Condition or TCLC). This is because a bid price submitted for a BM Unit which would avoid an excessive benefit being obtained by a generator in periods in which a transmission constraint arises, in line with the TCLC, can differ for the CfD and non-CfD Assets within the BM Unit. Ofgem also considers the transparency of the data relevant to affected CfD Assets, such as the metered CfD volumes data, important for the purposes of TCLC compliance monitoring.

Decision Notice

In accordance with Condition E1 of the Electricity System Operator Licence, the Authority hereby directs that modification proposal BSC P484: 'Amending Metering Obligations for CfD Assets' be made.

Maryam Khan

Head, Electricity Security and Market Management

Signed on behalf of the Authority and authorised for that purpose.

Appendix 1: Sites which will be impacted by P484.

The following sites were listed in the technical briefing document as those which will be impacted by this modification.

Name of CFD Unit	Capacity (MW)
EA1	704.967
EA2	963.07
EA3	1054.53
Moray Offshore Windfarm (East)	950
Triton Knoll Offshore Wind Farm	847.5
Sofia Offshore Wind Farm	1,400
Inch Cape	810

Name of CFD Unit	Capacity (MW)
Morlais Verdant Isles BL3	4.9
Morlais Magallanes GR3 Extension	3
Morlais Magallanes GR3	5.62
Morlais Mor Energy Zone GO3	4.5
Ynnir Lleuad	10
Ynnir Lleuad 2	10
MeyGen Phase 2	28
MeyGen AR51	11.8
MeyGen AR52	5.6
MeyGen AR53	2.94
MeyGen AR54	1.6
MeyGen AR62	9