
Ofgem decision to approve P492: 'Introduce a time limited expedited change process to support the delivery of the electricity Settlement Reform Significant Code Review (SCR)'

Decision:	The Authority ¹ directs that this modification be made ²
Target audience:	National Energy System Operator (NESO), Parties to the Balancing and Settlement Code (BSC), the BSC Panel and other interested parties
Date of decision:	29 August 2025
Implementation date:	5 working days after the decision is made

Background

In September 2021, Ofgem approved the Authority Led SCR Modification Proposal P423 'Market-wide Half Hourly Settlement (MHHS) Implementation and Governance Arrangements'.³ With effect from October 2021, P423 modified the BSC to require Elexon to manage the MHHS programme in a transparent, consultative and unbiased manner. P423 also obliged the MHHS Senior Responsible Owner (SRO) to ensure that the modifications to the BSC which are required for MHHS Implementation are developed in consultation with MHHS Participants and provided to the Authority for implementation.⁴

The MHHS Implementation Manager identified a risk that, once MHHS goes live, there could be system defects requiring rapid, cross-code design and resolution in ways that are not adequately supported either by the existing MHHS Governance Arrangements or by the existing BSC urgent modification or cross-code change processes. To mitigate this risk, the MHHS Implementation Manager raised a Programme Change Request (CR062) proposing to

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 [MHHS Implementation and Governance Arrangements \(P423\)](#), Ofgem, September 2021.

⁴ See section C12.5.2(b) of the BSC.

establish a new governance group to be known as the Issue Resolution Group (IRG). CR062 further proposed that:

- the IRG should be chaired by the MHHS SRO and attended by technical experts with sufficient system and design expertise, plus the MHHS Independent Programme Assurance provider as an observer;
- the purpose of the IRG should be to facilitate the resolution of high-impact issues that exceed the MHHS service management resolution thresholds and could affect programme timelines, particularly (though not exclusively) during the initial stages of migration, known as the Early Life Support (ELS) period;
- decisions at the IRG shall be taken by the MHHS SRO.⁵

After consultation with MHHS Participants and discussion at the MHHS Programme Steering Group meeting on 2 July 2025, the MHHS SRO decided that CR062 should be implemented. The IRG's terms of reference are available on the Programme website.

The resolution of high-impact issues may involve making changes to the MHHS Design that then need to be reflected in the BSC and/or Code Subsidiary Documents (CSDs), including Data Integration Platform Subsidiary Documents. Any such changes will require implementation via a formal Modification and/or Change Proposal. In the view of the MHHS Implementation Manager, a new time-limited process that allows the IRG to raise such proposals is needed to facilitate their rapid implementation and thereby support the timely and effective delivery of MHHS. Ofgem supported this position.

At present, Ofgem holds powers under the SCR process to subsume or exempt BSC Modification Proposals. However, these powers do not extend to the BSC Procedure Change Proposal (CP) process. The MHHS Implementation Manager was concerned that this creates a risk that a BSC CP could be progressed that inadvertently undermines MHHS delivery, without Ofgem having the ability to halt it as we can for Modification Proposals. Extending Ofgem's SCR powers to the CP process would, in its view, effectively mitigate that risk. Ofgem agreed.

⁵ See [Programme Change Control - MHHS Programme](#) for details, including Terms of Reference for the IRG.

Ofgem liaised with the MHHS Implementation Manager and Elexon over the development of appropriate legal text. These and related matters were discussed at the MHHS Cross-Code Advisory Group. Having satisfied ourselves that the legal text was consistent with our MHHS decision document of April 2021 and the objectives of the Electricity Settlement Reform SCR, Ofgem raised a BSC Modification Proposal on 4 July 2025. This was an Authority-Led SCR modification requiring consultation and the provision of a report to Ofgem by 18 August 2025.

The modification proposal

To facilitate the rapid resolution of high-impact issues and thereby support the timely and effective delivery of MHHS, P492 provides, in the event of a recommendation by the MHHS SRO acting as Chair of the IRG, that:

- the IRG may raise formal BSC Modifications and/or BSC Procedure CPs;
- Ofgem may modify existing or create additional CSDs and DIP Subsidiary Documents (DSDs). Before doing so, Ofgem shall consult in the manner it considers appropriate, given the complexity, importance and urgency of the proposed change.

These powers would cease to have effect at the 'M15 Migration Completed' milestone in the MHHS Implementation Timetable (scheduled for 7 May 2027).⁶

To mitigate the risk that a BSC Procedure CP could be progressed that inadvertently undermines MHHS delivery, P492 extends our SCR powers by giving us the ability to suspend any BSC Procedure CP if we have reason to believe that it may have an impact on MHHS Implementation. This power would cease to have effect when Ofgem closes down the Settlement Reform SCR.

⁶ See [Planning - MHHS Programme](#).

BSC Panel⁷ recommendation

At the BSC Panel meeting on 14 August 2025, the BSC Panel unanimously agreed that modification P492 would better facilitate Applicable BSC Objective (d). The Panel therefore recommended its approval.

Our decision

We have considered all the issues raised by the modification proposal and the Final Modification Report (FMR) dated 18 August 2025. We have considered the responses to the industry consultation which are attached to the FMR.⁸ In particular, we note that one respondent wanted greater clarity about the extent to which Ofgem would use the proposed new power to subsume BSC Procedure CPs if we believed they may affect MHHS delivery. The respondent was concerned that this could become a mechanism for delaying any changes related to the MHHS arrangements, even those that are beneficial and have wide support. The respondent expressed the view that Ofgem interventions should be targeted at BSC Procedure CPs that place MHHS Implementation at risk. To be clear, Ofgem expects to exercise its power to subsume a BSC Procedure CP if *and only if* there is clear evidence that the CP would detrimentally affect MHHS delivery. We do not expect to intervene if we believe that a BSC Procedure CP would be beneficial for MHHS delivery. In practice, therefore, we expect that the great majority of BSC Procedure CPs affecting MHHS implementation would follow existing governance procedures without any Ofgem intervention.

We have concluded that:

- implementation of the modification proposal would better facilitate the achievement of the Applicable BSC Objectives;⁹ and

⁷ 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.

⁸ BSC modification proposals, modification reports and representations can be viewed on the [Flexon website](#).

⁹ 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.¹⁰

Reasons for our decision

Assessment against applicable BSC Objectives

We consider that this modification proposal would better facilitate BSC Applicable Objective (d) and would have a neutral impact on the other Applicable Objectives.

(d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements

We note that the BSC Panel agreed that P492 would better facilitate Applicable BSC Objective (d) for the reasons that we set out in the Authority-Led SCR Modification Proposal Form. That is, P492 would support the making of coordinated and rapid updates to the BSC, particularly during the Early Life Support (ELS) period, where the IRG considers it necessary. This in turn would ensure the effectiveness and efficiency of the settlement arrangements and market operations. In particular, P492 would:

- reduce administrative uncertainty and delays over who should progress urgent MHHS fixes;
- enable faster, more coordinated change, essential during the ELS period when cross-code issues are most likely;
- protect the integrity and functionality of the new MHHS arrangements, ensuring Settlement processes remain efficient and fit for purpose; and
- support the delivery of MHHS.

¹⁰ The Authority's statutory duties are wider than the matters which the Panel must take into consideration and are detailed (most pertinently for present purposes) in section 3A of the Electricity Act 1989.

Next steps

The Electricity Settlement Reform SCR is an Authority-led end-to-end SCR. It remains possible that further modifications to the BSC may be needed to bring the new MHHS arrangements fully into effect. The SCR therefore will remain open after the M8 milestone in the MHHS Implementation Timetable. If further code modifications do prove to be necessary, we may make those modifications under this SCR. Having done so, the SCR will remain open until we have made our final decision in relation to the final code modification, and we will confirm when we consider that to have happened.

We would like to thank Elexon for taking forward this Authority Led SCR Modification along the timelines required by the MHHS programme.

Decision notice

In accordance with Condition E1 of the Electricity System Operator Licence, the Authority hereby directs that modification proposal BSC P492 'Introduce a time limited expedited change process to support the delivery of the electricity Settlement Reform Significant Code Review (SCR)' be made.



Melissa Giordano, Deputy Director Retail

Signed on behalf of the Authority and authorised for that purpose

29 August 2025