

Notice under section 5(8) of the Code Manager Selection Regulations 2024

1. The Gas and Electricity Markets Authority ("the Authority")¹ hereby gives notice under section 5(8) of the Code Manager Selection Regulations 2024 ("the Regulations") as follows:
2. The Authority proposes to grant a code manager licence as defined under Section 6(1)(g) of the Electricity Act 1989² ("the Licence") to Elexon Limited (company number 03782949), whose registered office is 4th Floor, 350 Euston Road, London, NW1 3AW ("the Candidate").
3. The Licence, if awarded, will authorise the Candidate to perform the function of code manager in relation to the Balancing and Settlement Code ("BSC"), a qualifying document as defined under Paragraph 1(1) Schedule 12 of the Energy Act 2023 (the Act").³
4. Any representations or objections with respect to the proposed grant of the Licence may be made on or before 29 August 2025 and should be addressed to Kate Lloyd, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to industrycodes@ofgem.gov.uk.
5. All responses will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.

¹ References to the "Authority", "Ofgem", "we", "us" 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 determination is made by or on behalf of GEMA.

² [Electricity Act 1989](#)

³ [Energy Act 2023](#)

Reasons why the Authority proposes to grant the Licence

1. On 10 March 2025 we published a determination under section 187(1) of the Act and in accordance with Regulation 3 of the Regulations to proceed with the selection of a code manager for the BSC on a non-competitive basis.⁴ Subsequent to that determination, we invited the Candidate to submit a completed licensing assessment form, as attached to Appendix 2 of our code manager selection guidance (“the Guidance”).⁵
2. On 11 June 2025 the Authority received an assessment form for the Licence, submitted by the Candidate, confirming that it is willing to be selected and to have a code manager licence granted to it. On 12 June 2025, we wrote to the Candidate to acknowledge receipt of the form. On 27 June 2025, we wrote to the Candidate requesting additional information, which was received on 11 July 2025.
3. We have assessed the information provided to us by the Candidate and are satisfied that the selection criteria, as set out in the Guidance on code manager selection at paragraphs 4.7-4.54, are met. We therefore propose to grant the Candidate a code manager licence.

Conflict of Interest Assessment

1. The Regulations state that the Authority may not select a candidate as code manager unless we are satisfied that the candidate has no financial or other interests that might prejudice the discharge by that candidate of the functions of the code manager of that code (a “potential conflict of interest”). We may, in our discretion, decide to select a candidate that has a potential conflict of interest if we are satisfied that the potential conflict of interest is manageable.⁶
2. As part of our assessment of the Candidate for a code manager licence, we have considered the proposed standard licence conditions of the code manager licence that will address conflicts of interest, and the ability of the Candidate to comply with those proposed conditions.
3. On 1 May 2025, we published a joint consultation with the Department for Energy Security and Net Zero setting out our proposed code manager standard licence

⁴ [Determination of the basis of selection of a code manager for the Balancing and Settlement Code | Ofgem](#)

⁵ [Guidance on code manager selection](#)

⁶ [The Code Manager Selection Regulations 2024](#) Regulation 4(2)

conditions (SLCs).⁷ The consultation has now closed and a response will be published in due course.

4. Our assessment of conflict of interest is therefore based on the proposed SLCs, and we may reassess candidates if the SLCs significantly change and we will publish a new proposal to grant if we consider it appropriate to do so. We will also publish any proposal to grant modifications, decision to grant exceptions to the standard conditions of the code manager licence, or proposal to introduce special conditions, at a later date.
5. In our assessment we identified a potential conflict of interest in relation to the following proposed SLCs:

Proposed standard licence condition 8 – Sufficiently Independent Directors

6. In its licensing assessment form, the Candidate requested an exception to the requirement of proposed standard licence condition 8 - Sufficiently Independent Directors, that no fewer than 50% of its directors are Sufficiently Independent Directors. The Candidate has made this request because more than 50% of its directors are also directors of an affiliate of the Candidate.⁸
7. The Authority has considered that request in accordance with its obligations under Regulation 4 of the Regulations and we have determined that:
 - a. In relation to the Candidate affiliate Elexon Clear Ltd, the affiliate is a not-for-profit special purpose vehicle whose activities are constrained by the BSC, and therefore we do not consider there to be a risk of prejudice to the code manager functions.
 - b. In relation to the Candidate affiliate EMR Settlement Ltd (EMRS), we consider that appropriate measures are in place which mitigate the risk of prejudice to a level that we consider acceptable, and we are satisfied that any risk of conflict of interest is manageable.
8. Therefore, if the Authority decides to grant the code manager licence to the Candidate, then we may propose to grant an exception to this condition.

⁷ [Energy code reform: Code manager licence conditions and code modification appeals to the CMA - GOV.UK](#)

⁸ All of the Candidate's directors are directors of Elexon Clear Limited. Three of six non-executive directors of the Candidate are also directors of EMR Settlement Ltd.

Proposed standard licence condition 17 – Restriction on activity and investment

9. Proposed standard licence condition 17 states that the code manager is prohibited from conducting any business or to carry on any activity other than the Code Manager Business, unless the Authority consents to the performance of additional "Permitted Business".
10. In its licensing assessment form, the Candidate provided details of all of the activities it is involved in. These activities are:
- a. Code administrator for the BSC
 - b. Market facilitator for distributed flexibility
 - c. Secretariat to the Capacity Market Advisory Group
 - d. EII Support Payment Administrator and the EII Levy Administrator for the Network Charging Compensation scheme
 - e. Implementation Manager for Market-wide Half Hourly Settlement
 - f. Data Integration Platform (DIP) Manager
11. The Authority has considered these additional activities, and we are satisfied that any potential conflict of interest risk is manageable.
12. We will determine as we finalise the code manager licence which of these activities may fall within the scope of the definition of Code Manager Business, or whether we will consent to additional activities being classed as Permitted Business under the proposed licence.



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Heather Stewart

Duly authorised on behalf of the Authority

Date: 01 August 2025