



Making a positive difference
for energy consumers

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BY EMAIL TO: PanelSecretary@elexon.co.uk and bsc.change@elexon.co.uk

Dear Sara,

Authority decision to 'send back' Balancing and Settlement Code modification proposal P487 'Incentive of BSC Supplier Parties to meet the M15 MHHS Milestone'

On 17 June 2025, the Final Modification Report (FMR) for Balancing and Settlement Code (BSC) modification proposal P487 was submitted to the Authority¹ for decision. We have decided that we are unable to form an opinion on P487 based on the FMR as submitted to us. Specifically, the FMR (and potentially the legal text) provides insufficient clarity as to whether the registration ban provided for under P487 would be activated where one or more suppliers have failed to migrate all their MPANs by the 'M15' deadline for reasons beyond their control and where those reasons do not affect the entire market. Without this information, we are unable to determine whether the proposal is proportionate in all circumstances. We are therefore sending the proposal back for further work.

Background

As part of implementing the Market-wide Half-Hourly Settlement (MHHS) Programme, there is an 18-month window for suppliers to migrate all their MPANs to the new

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 Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

settlement arrangements. The deadline for completing this process - known as the 'M15' MHHS Milestone - is 7 May 2027. Suppliers are required by the BSC to comply with this MHHS Milestone deadline (and with all other MHHS Milestones). However, there is no explicit sanction in the BSC should a supplier fail to comply with the M15 deadline.

By contrast, an explicit BSC sanction *is* in place² if a supplier fails to become qualified to participate in the new settlement arrangements by the 'M14' MHHS Milestone deadline of 28 October 2026. In that event, the BSC would prevent those suppliers from registering new MPANs until they have become qualified. This prohibition would be applied at a Party ID level. As such, it provides a clear incentive on suppliers to meet Milestone 14.

The MHHS Programme presented a paper outlining a potential BSC Modification Proposal to the BSC Performance Assurance Board (PAB) on 26 March 2025. The PAB agreed to recommend to the BSC Panel that the Panel raise the Modification on behalf of the MHHS Programme. On 10 April 2025, the Panel decided to defer the proposal for one month so that further detail could be provided to industry and feedback could be gathered. Elexon and the MHHS Programme did this via a webinar on 25 April. On 8 May 2025, the BSC Panel raised P487. This proposal, if approved, would amend the BSC to prevent new MPAN registrations by any supplier that fails to complete MHHS Migration by the M15 deadline. As with the existing sanction relating to MHHS qualification, this prohibition would be applied at Party ID level and would apply until the relevant supplier has completed migration. The intention is to strengthen the incentive on suppliers to meet the M15 Milestone and give assurance to all those suppliers that do meet the M15 Milestone (and other BSC funding parties) that there would be tangible consequences for those suppliers that do not.

Failure to complete migration on time would raise costs for industry because of the continued dual running of old and new settlement systems. Those costs would be recovered from each supplier according to market share without regard to whether any individual supplier had complied with M15 or not. Delaying M15 would mean a consequential delay to MHHS Milestone 'M16', which is the deadline for introducing the faster settlement timetable. A delay to M15 would also increase MHHS Programme governance and assurance costs. In addition, customers with unmigrated MPANs cannot directly access the benefits of MHHS expected to arise from product and service innovation.

Reasons for our decision

We have identified the following deficiencies in the FMR and/or legal text of the proposal.

² See Section C 12.12.6 of the BSC as modified by P423 with effect from 7 October 2021.

1. The MHHS Programme has stated that the process for imposing and removing a ban on new registrations after M15 would “replicate” that for the existing ban after M14 as set out in Annex 4 of the MHHS Qualification Approach & Plan³. However, the MHHS Programme has not revised that document to make it applicable to migration and M15. The operational and governance processes (including those relating to *force majeure*, escalations and appeals) connected with the proposal should be drafted, consulted upon and reflected as appropriate in the FMR, legal text and any associated guidance.
2. The FMR and the legal text of the proposal do not specify with sufficient clarity what will happen if a supplier misses the M15 deadline through circumstances beyond its reasonable control. Annex 4 of the MHHS Qualification Approach & Plan states that the code bodies (BSCCO and RECCo) will implement the ban on new registrations at M14 “if there have not been Central System, Code Body or MHHS issues during the MHHS Qualification phase”. The document does not provide any supporting detail about those (or any other) issues but we note the MHHS Programme has said that where there are issues that “*affect the entire industry*” and “*cause a market-wide delay*” it will “*consider moving milestone M15 if necessary*”⁴.
3. The MHHS Programme has stated that “flexibility for genuine exceptions would be handled operationally but will not be reflected in the legal text.”⁵ We believe that the FMR (and potentially also the legal text and/or any associated guidance) should be more transparent, specific and detailed about how any genuine exceptions, particularly those involving one supplier or a small number of suppliers rather than the entire industry, would be handled. We expect that any process relating to the potential imposition of a registration ban would operate in a non-discriminatory manner treating suppliers in the same way unless there is an objective reason not to do so.
4. It is not clear whether the registration ban after M15 would be imposed on a supplier that had acquired a significant amount of MPANs, for example via a Supplier of Last Resort event or via a trade sale shortly before the M15 deadline. The FMR and the legal text and/or any associated guidance need to be clear about this.
5. Without the additional information specified in 1-4 above, Ofgem is unable to determine whether the proposal would better facilitate the BSC Objectives.

³ [Qualification Approach and Plan - MHHS Programme](#).

⁴ See pages 21-22 of the FMR.

⁵ See page 18 of the FMR.

Direction under section F2.7A of the BSC

We therefore direct that additional steps are undertaken:

- the BSC Panel shall, liaising with the MHHS Programme and other Parties as appropriate, arrange for the development of a revised proposal and any associated guidance which makes clear how “genuine exceptions” will be treated. The revised proposal and any associated guidance shall set out what will happen, if:
 - a supplier or suppliers miss the M15 deadline for reasons outside its/their control but where the causative factors do not affect the entire industry; and
 - there is an unforeseen event shortly before the M15 deadline, for example if a supplier takes on a significant amount of MPANs (whether by being appointed the Supplier of Last Resort or via a trade sale);
- the BSC Panel shall provide for consultation on that revised proposal and shall, after considering the responses to that consultation, revise the FMR accordingly to cover all the matters referred to in this letter (including explaining in sufficient detail all the operational and governance processes connected with implementing and revoking a ban on new registrations after M15, whether or not these are contained in the legal text).

Under section F2.7A.2 of the BSC, the BSC Panel shall, having revised the FMR, re-submit it to us as soon as possible and no later than 15 December 2025 for decision.

Yours sincerely,



Melissa Giordano

Deputy Director – Retail Systems and Processes

Signed on behalf of the Authority and authorised for that purpose