



Making a positive difference  
for energy consumers

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Date: 27 August 2025

Dear Sara

**Ofgem urgency decision for BSC modification P498 (Ensuring Correct Data Flows for Licence Exempt Supplies)**

On 21 August 2025, the BSC Panel designated a Third Party, Energis Electricity Developments Limited (the 'Proposer') to raise BSC modification proposal P498.<sup>1</sup> Following a Panel meeting on the same day, we<sup>2</sup> received a request from the Proposer (unanimously supported by the Panel), that BSC P498 (the Proposal) be treated as an urgent modification proposal.

This letter sets out our decision that BSC P498 should be progressed on an urgent basis.

**Background**

On 08 May 2024<sup>3</sup>, Ofgem approved BSC modification P442 which introduced an enduring data notification solution for the treatment of licence-exempt supply volumes where a licensed supplier has contracted to facilitate an exempt supply arrangement, and where licence-exempt and licensed supply volumes are being used to calculate the licensed supplier's contributions to the levies which fund the Electricity Market Reform (EMR)<sup>4</sup> mechanisms.

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<sup>1</sup> See Elexon website for details of the modification: [P498 Ensuring Correct Data Flows for Licence Exempt Supplies - Elexon BSC](#)

<sup>2</sup> 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.

<sup>3</sup> Ofgem decision: [BSC P442 modification decision](#)

<sup>4</sup> The EMR programme levies licensed suppliers to fund the Contracts for Difference (CfD) and Capacity Market (CM) mechanisms. The levy calculation is based on each licensed supplier's share of metered volumes of electricity supplied to consumers. As with other government programmes (such as the Feed in Tariff and Renewables Obligation) the levies are assigned to licensed supply, not licence-exempt supply.

The approved solution included the creation of a new Party Agent role (the Exempt Supply Notification Agent - ESNA) which would calculate the correct volumes of licensed and exempt supply and submit these to BSC central systems. P442 was developed as an enduring solution to the misalignment of BSC and EMR rules and to replace an interim (and non-codified) workaround whereby, since November 2018, the Panel delegated authority to the Supplier Volume Allocation (SVA) Group (SVG) to approve those SVA metering systems to be excluded from levy calculations where it could be demonstrated that the entire consumption at a specific premises is from a licence-exempt supply arrangement.

The Proposer clarifies that during the development phase of BSC P442 it was discussed and agreed by the Workgroup that there would be an overlap of the outgoing interim process and the incoming P442 solution. On 01 July 2025, Elexon issued a notice confirming that a) from 01 January 2026 the interim reporting process would be discontinued; b) the interim process for approving new licence-exempt supply arrangements would cease immediately.

The Proposer is concerned that with just one ESNA currently in operation and qualified to provide services to third parties, a competitive marketplace has yet to emerge. In addition, the termination of the interim process for new licence-exempt supplies means that licensed suppliers facilitating these arrangements will have little time to negotiate and enter into contracts with an ESNA. A proposed mitigation (Elexon's assurance that forthcoming ESNAs could retrospectively apply the P442 process to subsequent settlement data runs) was later deemed unworkable.

In response to the issues identified, the Panel has already agreed<sup>5</sup> to extend the interim process for up to 12 months, and the interim process should remain in place for existing exempt supplies already approved by the SVG (until such agreements naturally expire). The purpose of the Proposal is to ensure that licensed suppliers have adequate time to agree ESNA contracts and to provide a remedy for the current overcharging of EMR levies. The Proposal will achieve this by allowing ESNAs to reallocate previous P442 related data flows between licensed and licence-exempt supply volumes retrospectively; amending BSCP606 to allow for data to be submitted later than the II settlement run; and, amending industry systems so that ESNAs can submit data related to periods prior to its qualification.

In making the case for urgent treatment, the Proposer argues that licence-exempt and licensed suppliers are being erroneously charged for EMR levies, and that the lack of competition in the provision of ESNA services means licensed suppliers must either appoint the one qualified ESNA or delay appointment (and incur additional EMR charges in the meantime). The Proposer contends that there is clear evidence of significant commercial impact on licence-exempt and licensed suppliers warranting urgent treatment.

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<sup>5</sup> At its meeting on 14 August 20025: [BSC Panel 365 - Elexon BSC](#).

## Panel view

At its meeting on 21 August 2025, the Panel unanimously agreed to recommend to Ofgem that BSC P498 should be progressed as an urgent modification proposal. The Panel considers that P498 meets Ofgem's urgency criteria as it relates to an issue that has arisen from a previous Panel decision, has significant commercial implications and requires timely resolution to prevent further harm. The Panel reached its decision on the basis of the following considerations:

- Immediate commercial impact: the early closure of the interim process for licence-exempt supply corrections has resulted in charging of EMR levies for certain licensed suppliers, with some Parties facing material financial harm.
- Lack of industry notice: the transition to the P442 process was triggered with minimal notice, contrary to prior expectations that it would only occur once a competitive choice of ESNA providers was available; this left affected Parties unable to prepare or mitigate the impact.
- Market constraints: with only one qualified ESNA currently available, licensed suppliers are forced to contract under monopolistic conditions or to delay appointments, both of which are commercially unattractive and risk further financial exposure.
- Corrective intent: the Panel acknowledged that the current situation stems from unintended consequences of its earlier decision and there was consensus that the situation was not typical and warranted urgent correction.

## Our decision

In reaching our decision on the urgency of BSC P498 we have considered the details within the Proposal, the justification for urgency, and the views of the BSC Panel. We have also assessed the request against the urgency criteria set out in our published guidance.<sup>6</sup>

Our guidance sets out that an urgent modification should be linked to an imminent or current issue that if not urgently addressed may cause:

- A significant commercial impact on parties, consumers, or other stakeholder(s).
- A significant impact on the safety and security of the electricity system.
- A party to be in breach of any relevant legal requirements.

Based on the information provided by the Proposer, in Elexon's initial assessment and the Panel's advice, we agree that the Proposal meets the urgency threshold. As the Proposal sets out, parties are currently experiencing harm, and without mitigative changes this harm will likely increase from 01 January 2026. Licence-exempt and licensed suppliers are

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<sup>6</sup> [Ofgem Guidance on Code Modification Urgency Criteria](#)

experiencing significant commercial impacts, effects which will be passed on to their respective consumers.

While our general perspective is that modifications dealing with retrospective issues should be avoided, we note that the Proposal will have limited retrospective effects, designed as it is to ensure that the EMR levies are correctly allocated to the activities that incur them. We also note that the Proposal's corrective intent is to mitigate the effect of a previous Panel decision.

We therefore consent to the Proposal being treated as urgent. We agree that P498 should follow the urgent timetable set out below:

Process	Date
Ofgem decision on urgency	27 August 2025
Workgroup convened	Within 5 WDs of Ofgem decision
Modification consultation	Within 5 WDs of workgroup
Workgroup considers responses & finalises solution	Within 5 WDs of consultation close
Modification report to the Panel	Within 5 WDs of workgroup
Final Modification Report submitted to Ofgem	1 WD following the Panel

For the avoidance of doubt, in granting the request for urgency, we have made no assessment of the merits of the Proposal and nothing in this letter in any way fetters our discretion in respect of the Proposal.

If you have any comments or questions about this letter, please contact Kevin Baillie at [kevin.baillie@ofgem.gov.uk](mailto:kevin.baillie@ofgem.gov.uk) and Stephen Perry at [stephen.perry@ofgem.gov.uk](mailto:stephen.perry@ofgem.gov.uk).

Yours sincerely



**Kevin Baillie**

**Principal Policy Expert – Energy Systems Design and Development**

Duly authorised on behalf of the Authority