Making a positive difference
for energy consumers

Sara Vaughan
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24 November 2025

Dear Sara,

BSC Modification Proposal P506 'Unfreezing specific MDD entities to allow legacy Suppliers access to newly-Qualified LDSOs' networks during MHHS Transition' - decision on urgency

The BSC Panel ('the Proposer') raised P506 on 20 November 2025. On 21 November 2025, we received your request that P506 ('the Proposal') be treated as an Urgent Modification Proposal. This letter sets out our decision that the Proposal should be progressed on an urgent basis.

Background

As part of Market-Wide Half Hourly Settlement (MHHS), certain Market Domain Data (MDD) entities were 'frozen' when Modification P478 was implemented on 22 September 2025. Freezing those MDD entities at the MHHS 'go-live' date was intended to discourage further development of legacy arrangements and to incentivise Suppliers to focus on their MHHS transition activities. However, it has become apparent that the freeze is having unintended consequences for Licensed Distribution System Operators (LDSOs). This is because, while LDSOs can create new Line Loss Factor Classes (LLFCs), they cannot now create the related MDD entities that Suppliers operating in the legacy settlement arrangements require to use those LLFCs.

This issue affects existing LDSOs wishing to create or end-date LLFCs, but it is a particular problem for newly-qualified LDSOs who were not able to populate these MDD entities before the freeze took effect. The LLFCs they create for use on their networks will not have these associated entities and so those LLFCs will be unusable by 'legacy' Suppliers. Customers connected to their network could be restricted in their choice of Suppliers or find themselves supplied by a legacy Supplier that was unable to bill or settle them. In more severe cases, customers might be unable to secure a Supplier at all, thereby creating a risk that they would be unable to complete a change of tenancy or move into new properties on the affected networks.

Elexon raised this issue with the BSC Performance Assurance Board (PAB) on 12 November 2025. The PAB agreed to recommend to the BSC Panel that a Modification should be raised to address this issue. The Modification would amend the list of frozen MDDs set out in Annex S4 of the BSC such that the necessary 'combination entities' are frozen at the end of the MHHS migration period (Milestone M15) rather than at Milestone M10. This would restore LDSOs' ability to create related MDD entities, ensure that legacy suppliers can bill and settle all customers on affected networks, and ensure that those customers can contract with the supplier of their choice.

BSC Panel View

At a meeting of the BSC Panel on 20 November 2025, the BSC Panel unanimously agreed to recommend to Ofgem that P506 should be progressed as an Urgent Modification Proposal.

Our decision

In reaching our decision on the urgency of the Proposal, we have considered its details, 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.[1] Our guidance sets out that an urgent modification should be linked to an imminent issue or a 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 and/or gas systems
- a party to be in breach of any relevant legal requirements.

We note with concern that this is a 'live' issue already affecting market participants and customers because some customers have already been allocated to new LLFCs for which the required combination entities are frozen. As a result, legacy Suppliers cannot contract, bill, or settle these customers. In certain cases, this could prevent customers from moving into new properties. Given this, we agree that the issue may cause a significant commercial impact on consumers.

We note that, in the absence of this Modification, newly Qualified LDSOs may be unable to enter the market or to bring new MPANs into service without creating unserviceable LLFCs. We further note that existing LDSOs are similarly constrained when creating or end-dating LLFCs and that this could disrupt reverse migration processes and settlement operations. We agree that this may cause a significant commercial impact on all those parties.

The number of affected customers will inevitably grow as more LLFCs and MPANs are created during the MHHS Transition. Given the potentially significant impact on customers and market participants, which will increase the longer the issue remains unaddressed, we agree that this modification proposal should be treated as urgent.

Urgent Progression Procedure for P506

We agree that the Proposal should follow the timetable proposed in your letter requesting urgency. We welcome the proposed 10 Working Day consultation period and agree that this should provide sufficient time for analysis and response by interested Parties. We set out the timetable below:

Event	Date
Modification proposal raised	20 November 2025
Urgent Panel meeting	20 November 2025
Ofgem receives request for urgency	21 November 2025
Ofgem decision on urgency	24 November 2025
Urgent Modification consultation (10WDs)	Within 1WD of the decision on urgency
Draft Urgent Modification Report presented to Panel	Within 5WDs of the consultation closing
Final Urgent Modification Report sent to Ofgem	Within 1 WD of the Urgent Panel meeting

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 relation to it.

[1] Ofgem Guidance on Code Modification Urgency Criteria

If you have any comments or questions about this letter, contact andrew.macfaul@ofgem.gov.uk.

Yours sincerely,

Jenny Boothe
Head of MHHS, Ofgem

Duly authorised on behalf of the Authority