

Balancing and Settlement Code (BSC) P506: ‘Unfreezing specific Market Domain Data entities to allow legacy Suppliers access to newly Qualified Licensed Distribution System Operators’ networks during MHHS Transition’ (P506)

Decision	The Authority ¹ directs that this modification be made ²
Target audience	National Energy System Operator (NESO), Parties to the BSC, the BSC Panel and other interested parties
Date of publication:	14 January 2026
Implementation date:	2 Working Days after the Authority’s decision

Background

As part of Market-Wide Half Hourly Settlement (MHHS), certain Market Domain Data (MDD) entities were ‘frozen’ when Modification P478³ was implemented on 22 September 2025. Freezing those MDD entities at the MHHS ‘go-live’ date was intended to discourage further development of legacy⁴ arrangements and to incentivise Suppliers to focus on their MHHS transition activities.

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 [Decision to approve BSC modification proposal P478 | Ofgem](#).

⁴ The term “legacy” refers to the pre-migration arrangements and processes for non- MHHS Metering Systems.

It became apparent, however, that the freeze was having unintended consequences for Licensed Distribution System Operators (LDSOs). This was because, while LDSOs can create new Line Loss Factor Classes (LLFCs), they could not 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 could not populate these MDD entities before the freeze took effect. The LLFCs that 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. P506 was raised by the BSC Panel on 20 November 2025.

The modification proposal

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. The relevant MDDs are as follows:

- Entity 53 - Meter Timeswitch Class (MTC) for Distributor (Non Half-Hourly and Half-Hourly)
- Entity 54 - Valid MTC Standard Settlement Configuration (SSC) Combinations (Non Half-Hourly)
- Entity 55 - Valid MTC LLFC Combinations (Half-Hourly)

- Entity 56 - Valid MTC LLFC SSC Combinations (Non Half-Hourly)
- Entity 63 - Valid MTC LLFC SSC Profile Class Combinations (Non Half-Hourly).

This would restore LDSOs' ability to create related MDD entities. In turn, this would ensure both that legacy suppliers can bill and settle all customers on affected networks, and that those customers can contract with the supplier of their choice. Without making this change, consumers on new LLFCs could only be supplied by MHHS-Qualified Suppliers. This restriction was considered detrimental to consumers, hence the original decision by Ofgem in 2021 to permit reverse migration during the early part of the MHHS migration period (until October 2026).

BSC Panel⁵ recommendation on urgency

At an Urgent Panel meeting on 20 November 2025, the BSC Panel agreed to recommend to the Authority that this Modification should be treated as an Urgent Modification Proposal. The BSC Panel also agreed an Urgent progression timetable for recommendation to the Authority.

On 24 November 2025, Ofgem published a letter agreeing that P506 should be treated as an Urgent Modification Proposal. Ofgem was satisfied that P506 related to a current issue causing significant commercial impact on consumers, as well as significant commercial impact on LDSOs, in accordance with our urgency criteria.⁶ In line with the timetable agreed by Ofgem, a 10-Working Day consultation on P506 commenced on 25 November 2025. The BSC Panel then discussed the Draft Urgent Modification Report on 11 December 2025.

⁵ 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.

⁶ [Ofgem Guidance on Code Modification Urgency Criteria | Ofgem](#).

BSC Panel recommendation

At the BSC Panel meeting on 11 December 2025, the BSC Panel unanimously considered that P506 would better facilitate Applicable BSC Objectives (c) and (d) and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR)⁷ dated 12 December 2025. We have considered and taken account of the responses to the industry consultations on the modification proposal which are attached to the FMR. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the BSC⁸
- directing that the modification be made is consistent with our principal objective and statutory duties.⁹

Reasons for our decision

We consider that this modification proposal will better facilitate BSC objectives (c) and (d) and will have a neutral impact on the other applicable objectives.

⁷ BSC modification proposals, modification reports and representations can be viewed on the Elexon website at www.elexon.co.uk

⁸ As set out in Condition E1 of the Electricity System Operator Licence.

⁹ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are set out in section 4AA of the Gas Act 1986 and section 3A of the Electricity Act 1989.

(c) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

‘Reverse migration’ of migrated MPANs during the early part of the migration phase of MHHS was a key feature in Ofgem’s decision to introduce MHHS. P506 will preserve this right for certain customers on new LLFCs and associated valid combinations who might otherwise be prevented from switching to non-MHHS Qualified Suppliers. This would remove the risk of those customers only having access to MHHS-Qualified Suppliers during the Transition Period. As noted above, P506 would also ensure that non-MHHS Qualified Suppliers can accurately and efficiently bill and settle all customers on the affected networks. For these reasons, we consider that the modification would promote competition in electricity supply. We therefore agree with the BSC Panel that it would better facilitate Applicable Objective (c).

One respondent to the consultation stated that implementing the modification could have an impact on its MHHS migration activities as the same technical team would be working on both matters. We expect that the respondent and MHHS Programme’s Migration Control Centre will monitor this risk closely and consider whether any mitigating measures might be appropriate to ensure that the respondent’s migration activities are completed in a timely way. As far as P506 itself is concerned, we note that the respondent agreed that it would better facilitate Applicable Objective (c) and that it should be approved.

(d) promoting efficiency in the implementation and administration of the Balancing and Settlement Arrangements

We share the BSC Panel’s view that, where customers are allocated to LLFCs and associated valid combinations that are unusable in the legacy market, there may be many administrative problems for non-MHHS Qualified Suppliers who attempt (but are unable to) appoint agents

to and settle these customers. Implementing P506 would remove this risk. On that basis, we agree with the BSC Panel that P506 would also better facilitate Applicable Objective (d).

Decision Notice

In accordance with Condition E1 of the Electricity System Operator Licence, the Authority hereby directs that modification proposal BSC P506 'Unfreezing specific Market Domain Data entities to allow legacy Suppliers access to newly Qualified Licensed Distribution System Operators' networks during MHHS Transition' be made.

**Melissa Giordano****Deputy Director, Retail**

Signed on behalf of the Authority and authorised for that purpose