

Ofgem Decision to Approve Balancing and Settlement Code (BSC) P512: Deferral of 2026 BSC Industry Panel Elections to Support Code Reform Transition

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:	26 June 2026
Implementation date:	3 July 2026

Background

The BSC is currently governed by the BSC Panel (the Panel), whose role includes but is not limited to reviewing and voting on code modifications and ensuring code party compliance. Energy code reform (ECR) introduces licensed code managers, who will be responsible for the administration and governance of designated industry codes. Upon implementation of ECR and the new governance framework for the BSC, the role of the current Panel will be removed. A stakeholder advisory forum (SAF) will support the code manager in an advisory role.³

In August 2025, we proposed to grant a code manager licence to Elexon Limited for the BSC.⁴ We are aiming to designate the BSC and appoint a code manager for the BSC, by the end of 2026 subject to the necessary consultations and decisions.

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) support 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 For more information on the SAF, see: [Energy code reform: second implementation consultation | Ofgem](#)

⁴ See [Elexon Limited: notice of proposal to grant a code manager licence | Ofgem](#)

Modification Proposal P512 (the Proposal) was raised by Elexon to address a potential misalignment between the 2026 BSC Industry Panel Member elections and the expected transition to the new governance framework under ECR, subject to the necessary consultations, designation of the BSC and the licence being granted to Elexon.^{5,6}

Under existing BSC arrangements, Industry Panel Members elected in the July 2026 elections would take office on 1 October 2026. As such, and per our current plans, it is possible that elected Panel Members may only serve for a short period (ie several months), before the BSC Panel's role is removed following implementation of the new governance framework.

The Proposal therefore introduces a time-limited deferral of the 2026 Industry Panel Member elections, alongside an extension of existing Panel Members' terms, to ensure continuity of governance during the transitional period to the proposed new governance framework. The Proposal includes a defined backstop should this transition be delayed.

The modification proposal

The Proposal was raised by Elexon on 9 April 2026 to address the issue set out above. It seeks to:

- Defer the 2026 Industry Panel Member elections
- Extend the terms of existing Panel Members on a time-limited basis (up to six months)
- Maintain continuity of governance during the transition to the proposed new governance framework
- Include a defined backstop to ensure elections are held if the transition to the proposed new governance framework is delayed

The proposer considers that P512 would better facilitate Applicable BSC Objective (d)⁷ by promoting efficiency and proportionality in the administration of the BSC.

⁵ [P512 Deferral of 2026 BSC Elections - Elexon BSC](#)

⁶ [Energy code reform phase 1: transitional measures and code changes | Ofgem](#)

⁷ Objective (d): promoting efficiency in the implementation and administration of the balancing and settlement arrangements

BSC Panel⁸ recommendation

At the BSC Panel meeting on 14 May 2026, the Panel considered and unanimously agreed that the Proposal would better facilitate the Applicable BSC Objective (d) and that it was neutral against the other Objectives. The Panel therefore recommended its approval.

In particular, the Panel agreed that:

- P512 would have a positive impact on Applicable BSC Objective (d) by improving administrative efficiency
- The proposal is proportionate and time-limited
- It supports stable governance during the transition to the new governance framework

The Panel also agreed that the Proposal does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions and approved the associated legal text and implementation approach.

Impact assessment and consultation

Ellexon carried out a Report Phase Consultation between 13 April 2026 and 1 May 2026. Two responses were received, both of which supported the proposal.

Respondents:

- Agreed that P512 should be approved
- Considered that the redlined legal text delivers the proposal's intent
- Supported the proposed implementation date
- Confirmed that the proposal would have no material cost or operational impact

No respondents raised concerns in relation to consumer impacts, competition, or system operation.

⁸ 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.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 18 May 2026. We have taken account of the responses to industry consultation on the modification proposal, which was supportive and did not identify any material impacts on parties, consumers, competition, or system operation. These are attached to the FMR.

We have concluded that:

- implementation of the modification proposal will better facilitate the Applicable Objectives of the BSC⁹
- directing that the modification be made is consistent with our principal objective and statutory duties¹⁰

Reasons for our decision

In reaching its decision, the Authority has considered whether the Proposal would better facilitate the Applicable BSC Objectives. The Authority agrees with the Panel that P512 would have a positive impact on Applicable Objective (d) and is neutral against the remaining Applicable Objectives.

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

The Authority agrees with the Panel that the Proposal represents a proportionate and pragmatic response to the anticipated transition to the new governance framework under ECR. Under current arrangements, Industry Panel Member elections would be initiated in July 2026 and completed ahead of October 2026. Our current expectations for the implementation of ECR are such that the code manager for the BSC would be appointed by the end of 2026, subject to the necessary processes and decisions being completed. As such, there is a risk that Panel Members may serve only a minimal period on the Panel before the role of the current Panel is removed under the transition to the proposed new governance framework.

⁹ As set out in Condition E1 of the Electricity System Operator Licence.

¹⁰ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

We are of the view that it is inefficient to run an election only for those elected to potentially hold office for a period of up to several months. By extending the current Panel Members' tenure by a six-month period, an administrative activity with limited governance benefit will be avoided.

The Authority therefore considers that deferring the 2026 Industry Panel Member elections and extending the terms of existing Panel Members on a time-limited basis, is a proportionate approach to maintaining stable governance during a period of transition. We are also of the view that the inclusion of a defined backstop ensures that Panel elections will proceed should the expected transition to the new governance framework be delayed, thereby preserving appropriate governance safeguards.

This supports the Authority's view that the Proposal is a targeted, low-impact governance measure.

While the Proposal relates to the ECR programme, its scope is limited to a time-bound adjustment to Panel election timing to support the transition to the proposed new governance framework but does not affect the design or implementation of the enduring new governance framework.

Decision Notice

In accordance with Condition E1 of the Electricity System Operator Licence, the Authority hereby directs that modification proposal BSC P512: 'Deferral of 2026 BSC Industry Panel Elections to Support Code Reform Transition' be made.

Mark Carolan

Interim Head of Industry Codes

Signed on behalf of the Authority and authorised for that purpose