Balancing and Settlement Code (BSC) P515: Enabling the Delay of Settlement and Payment Runs

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:	21 September 2026
Implementation date:	5 Working Days after the Authority decision

Background

The BSC already allows certain Settlement processes to be delayed in limited circumstances. However, the current arrangements do not provide a consistent mechanism for delaying all Settlement Runs, Volume Allocation Runs, or related Payment and Notification Dates where operational issues arise. This creates a risk that materially incorrect Settlement results, invoices or payments could be issued to BSC Parties without a clear process for managing the issue.

[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.

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10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
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The modification proposal

P515 was raised by the BSC Panel[3] on 29 June 2026. It seeks to introduce a clearer and more consistent governance framework for managing delays to Settlement and Payment processes where Material Errors arise. As the modification was raised by the BSC Panel, the Panel was responsible for determining whether urgent treatment should be requested from the Authority. However, the Panel concluded that the urgency criteria were not met and that a longer consultation period would allow industry to provide more considered responses. The modification seeks to:

- allow BSCCo to delay Initial Settlement Runs and Reconciliation Settlement Runs where operational issues cannot be resolved within required timescales
- allow BSCCo to delay Volume Allocation Runs
- require BSCCo to notify the Panel and BSC Parties following such delays
- introduce a new power enabling the Panel to delay a Payment Date or Notification Date, or cancel an Invoice Notification Date, where a Material Error arises
- require BSCCo to use reasonable endeavours to resolve the Material Error, and procure calculation of the relevant Trading Charges as soon as reasonably practicable
- require BSCCo to provide estimates of the effect of a Material Error on Trading Charges
- make consequential amendments to BSC Sections N, T, U and X-1 and associated subsidiary documents

The proposer considers that P515 better facilitates Applicable BSC Objective (d), which promotes efficiency in the implementation and administration of the balancing and

[3] 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.

settlement arrangements. The proposer considers that P515 has a neutral impact on all other Applicable BSC Objectives.

BSC Panel recommendation

At its meeting on 13 August 2026, the BSC Panel unanimously agreed that P515 better facilitates Applicable BSC Objective (d). It also unanimously agreed that the modification has a neutral impact on the remaining objectives, does not affect the EBGL Article 18 terms and conditions held within the BSC, and should be approved. The Panel therefore unanimously recommended approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 18 August 2026. We have also considered the responses to the report phase consultation attached to the FMR. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the BSC[4]
- directing that the modification be made is consistent with our principal objective and statutory duties[5]

Reasons for our decision

We consider that P515 better facilitates Applicable BSC Objective (d) and has a neutral impact on the remaining Applicable BSC Objectives.

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[4] As set out in Condition E1 of the Electricity System Operator Licence.
[5] 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.

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

We consider that P515 better facilitates Applicable BSC Objective (d). The current BSC does not provide a clear mechanism for managing associated Payment and Notification Dates where Material Errors arise. P515 introduces a coherent framework that enables BSCCo and the Panel to manage these situations within the BSC.

We consider that the modification will improve the efficiency and administration of the balancing and settlement arrangements by reducing the risk of materially incorrect Settlement results, invoices and payments being issued. It will also provide clearer governance, decision-making authority and notification requirements, enabling operational incidents to be managed within the Code rather than through extra-Code workarounds, and reducing the need for retrospective corrections and the associated administrative burden. The Panel received eight responses to the report phase consultation, all of which supported approval. Respondents generally agreed that P515 addresses an identified governance gap by providing a formal mechanism to delay Settlement Runs, Volume Allocation Runs and associated Payment and Notification Dates where Material Errors arise. Seven respondents also agreed that the proposed legal text and associated Code Subsidiary Document changes delivered the intention of the modification.

We have also considered the concern raised by one respondent about the duration of delays and communication arrangements. Following the consultation, the legal text was amended to provide additional clarity on how Material Errors affecting Payment and Notification Dates should be managed. The Panel subsequently agreed to increase the maximum period in the legal text from two Business Days to five Business Days, while retaining the requirement to

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act as soon as reasonably practicable. We consider that this provides an appropriate balance between giving BSCCo and the Panel sufficient operational flexibility, whilst maintaining certainty for BSC Parties. We also note that implementation costs are expected to be minimal, with no BSC system changes required and only minor document updates identified.

Decision Notice

In accordance with Condition E1 of the Electricity System Operator Licence, the Authority hereby directs that modification proposal BSC P515: Enabling the Delay of Settlement and Payment Runs, be made.

Scott McPhillimy

Senior Policy Manager – Retail Market Operations

Signed on behalf of the Authority and authorised for that purpose

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