



Making a positive difference
for energy consumers

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Date: 14 September 2026

Dear Sara,

Ofgem decision to ‘send back’ Balancing and Settlement Code modification proposal P494 ‘Establishing the Smart Data Repository (SDR)’

On 14 July 2026, the Final Modification Report (FMR)¹ for Balancing and Settlement Code Modification P494 was submitted to the Authority² for decision. We have decided that we are unable to form an opinion on P494 based on the FMR as submitted to us and are therefore sending the proposal back for further work.

Background

BSC Modification P494 was progressed following Ofgem’s decision, as part of Market-wide Half Hourly Settlement,³ to develop an Event Driven Architecture (EDA) that would provide both accurate and timely support for the Settlement process and access to half-hourly electricity consumption data for third parties on a fair and non-discriminatory basis. Elexon delivered the first of these objectives through BSC Modification P474, which established the Data Integration Platform (DIP).⁴ However, as the DIP cannot store data, Elexon is pursuing the second objective via what it calls the Smart Data Repository or SDR. Code Modification Proposal P494, which set out the proposed arrangements for establishing and operating the SDR, was raised in July 2025.

¹ [P494 Establishing a Smart Data Repository \(SDR\) - Elexon BSC](#)

² 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 Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

³ [Decision on the governance, funding and operation of an Event Driven Architecture for Market-Wide Half-Hourly Settlement | Ofgem](#)

⁴ [P474 Governance, funding and operation of the DIP - Elexon BSC](#).

P494 makes proposals in relation to Elexon creating and operating the SDR, to processing data from the DIP and other Elexon-held digital infrastructure, and to allowing access for third parties to the data held in the SDR. The FMR proposes that the SDR can rely primarily on UK GDPR Article 6(1)(e) ('Public Task')⁵ with supplementary reliance on 'Legitimate Interests' for some data processing. Third parties would be able to access half-hourly electricity consumption data either in aggregated form (meaning that no individual household could be identified from it) or at individual customer level if the customer has given express and informed consent (meaning personal data would become identifiable) via the proposed Consumer Consent Solution (CCS) – subject to the system's availability – currently being established by RECCo.⁶

On 1 April 2026, DESNZ and Ofgem published a joint open letter stating that DESNZ would undertake a scoping exercise to consider the future design, delivery and governance of the provision of wider access to smart metering data. On 30 June 2026, DESNZ published a letter on the outcome of that exercise⁷ stating that it had "no objection to the inclusion of the electricity smart metering data that Elexon already holds in the SDR, subject to further work". The further work was for Ofgem to consider and establish an appropriate legal basis and regulatory governance requirements for the SDR and for Elexon to provide further evidence on information security arrangements and assurance. We address these and other issues below.

Reasons for our decision

We have identified the following issues with the FMR and/or legal text of the proposal.

Security arrangements

1. In relation to security, we understand that Elexon has agreed to undertake further external assurance of its solution, "including alignment of risk appetite across key stakeholders for smart metering data access and review of the solution design by an NCSC Assured Cyber Security Consultancy and share its findings with the Department sufficiently in advance of the launch of the SDR". We expect Elexon to share its findings with the Department and that these security arrangements fully reflect DESNZ's requirements. We also expect a revised FMR to provide a full update on developments relating to SDR cybersecurity.

⁵ <https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/lawful-basis/a-guide-to-lawful-basis/>

⁶ [Consumer Consent Solution - The Retail Energy Code Company](#)

⁷ The joint letter and the outcome of the scoping exercise are both available [here](#).

Legal basis for establishing and operating the SDR

2. As noted above, Elexon has taken the view that the SDR can rely primarily on GDPR Article 6(1)(e) ('Public Task'). However, this relates only to the lawful processing of SDR data and cannot by itself provide the vires for Elexon to establish and operate an SDR. The vires can only be created via the Electricity System Operator (ESO) licence under which the BSC is established. Ofgem has therefore today published a statutory consultation on proposals to modify the ESO Licence to provide a legal basis for Elexon to establish and initially operate the proposed SDR.⁸ As set out in that document, we expect – subject to consultation responses and further internal consideration – to modify the ESO licence (and electricity supply licences) with effect early in 2027. The FMR and/or the legal text of P494 will need to be revised in light of our proposals to make clear that the appropriate lawful basis for SDR data processing will be 'Legal Obligation' rather than Public Task.

Data Protection Impact Assessment

3. The FMR states that Elexon has completed a Data Protection Impact Assessment (DPIA) and that it will make the DPIA available to Ofgem. We have now received that document and our review of it will inform our decision on this modification. We note that Elexon does not intend to publish the DPIA in full due to the sensitive nature of the content, but we expect Elexon to consult on a version of the DPIA in order to support stakeholder assurance.

Scope of the SDR

4. As stated in our statutory consultation on licence modifications to enable the establishment and operation of the SDR, our position is that the SDR should at minimum be populated with all available half-hourly electricity consumption data from Supplier Volume Allocation and Central Volume Allocation sources. Beyond that, we consider that any subsequent expansion should be considered on a case-by-case basis by the Digitalisation Delivery Group and, if deemed appropriate, taken forward via licence and BSC code modification processes subject to Ofgem approval. The revised FMR should reflect this position.

⁸ In due course, we expect to include certain obligations relating to the ongoing operation of the SDR in any Code Manager licence that is granted to Elexon or in another, bespoke licence. Note that we have also proposed to modify Standard Licence Condition 47 of the Electricity Supply Licence to provide a clear lawful basis for suppliers to collect data for the purpose of onward transmission to the SDR from where the data may be accessed and used by accredited third parties.

Detailed SDR Rules, SDR Operations Manual and other ancillary documents

5. In 2024, when Ofgem considered the recommended legal text for P474 relating to the governance of the DIP, we reviewed the proposed changes to the BSC legal text and the proposed DIP Subsidiary Documents containing the operational detail. This enabled us to consider the governance arrangements in the round and form a view on whether the DIP Rules as a whole better facilitated the BSC objectives.
6. By contrast, the detailed SDR rules intended to complement the legal text in P494 have yet to be developed. We note from the FMR that the legal text for P494 will be “supported by further detail in the SDR Rules, the SDR Operations Manual and associated operational guidance, as appropriate”. We understand that the SDR Operations Manual will be a new Code Subsidiary Document covering “onboarding processes, access controls, identity and verification, API and report catalogues, assurance, monitoring, and day to day management”. We expect that this document will also cover incident management and reporting. We also note that the FMR refers to a “High Level Code Subsidiary Document Delivery Plan” according to which redlined documentation will be issued for comment “during the SDR System Implementation Phase” and “taken for decision in Q4 2026”.
7. Ofgem expects Elexon to arrange for the development of and consultation on this documentation in a timely manner to enable it to be submitted to us alongside a revised FMR. This will enable us to consider whether the SDR Rules *in their entirety* better facilitate BSC objectives as we did when considering the DIP Rules in 2024.

Without the additional information specified in paragraphs 1-7 above, Ofgem is unable to determine whether P494 would better facilitate the BSC Objectives.

Direction under section F2.7A of the BSC

We therefore direct that the following additional steps are undertaken:

1. The BSC Panel shall arrange for the development of a revised FMR and/or legal text as appropriate. This shall include setting out and explaining any revisions to the
 - SDR cybersecurity arrangements that are considered necessary following the review by a NCSC Assured Cyber Security Consultancy of the existing cybersecurity arrangements
 - description of the legal basis for SDR data processing in order to reflect that fact that Elexon would be processing personal data in order to comply with a statutory obligation in the form of licence conditions

- material relating to the scope of the data to be contained in the SDR.
2. The BSC Panel shall arrange for the development of the detailed SDR Rules, the SDR Operations Manual and any additional associated operational guidance.
 3. The BSC Panel shall arrange for the development of a version of the DPIA for consultation.
 4. The BSC Panel shall provide for consultation on all these matters and shall, after considering the responses to that consultation, revise the FMR accordingly and submit it to Ofgem alongside
 - the recommended legal text
 - the detailed SDR rules
 - the SDR Operational Manual
 - the final published version of the DPIA (and a revised full DPIA if any revisions are made to it as a result of the consultation on the public version), and
 - any additional associated operational guidance.

Further to section F2.7A.2 of the BSC, the BSC Panel shall submit all these documents to Ofgem for decision no later than 15 December 2026.

Yours sincerely,

Charley Clark

Acting Head of Energy System Digitalisation

Signed on behalf of the Authority and authorised for that purpose