Making a positive difference for energy consumers

Consultation

Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Publication date:	6 November 2026
Response deadline:	18 December 2026
Contact:	Kate Lloyd
Team:	Energy Code Governance Reform
Email:	industrycodes@ofgem.gov.uk

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

© Crown copyright 2026

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the Open Government Licence.

Without prejudice to the generality of the terms of the Open Government Licence, the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to psi@nationalarchives.gsi.gov.uk.

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences 1

1. Introduction 5

Background 5
Context and related publications 7
Purpose of this consultation 7
Structure of this document 9
Consultation stages 9
How to respond 10
Your response, data and confidentiality 11
General feedback 11
How to track the progress of the consultation 12

Part one: Proposed amendments to the Balancing and Settlement Code (BSC) 13

2. Code modification process and stakeholder advisory forums (SAF) 13
3. Treatment of panel decisions 24
4. Changes to the Smart Secure Electricity Systems governance arrangements 27
5. Code manager business and permitted business 29
6. Budgets and budget appeals 32
7. BSC board governance 36
8. Controls on the business 37
9. Restrictions on activity and investment 38
10. Financial and operational controls 39
11. Code manager objectives 41
12. Cost recovery and usage-based charging 43
13. End of licence 45
14. Provision of information to, and co-operation with, the Authority 46
15. CSDB direction power 48
16. Subcommittees 50
17. Derogations 53
18. Performance assurance 55
19. Changes to definitions 57
20. Removal of obsolete BSC provisions 60
21. Removal of dependencies on the ESO licence 61

Part two: licence changes 65

22. Background 65
23. Changes to condition E1 of the ESO licence 65

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences
24. Consequential changes to definitions in the ESO and Gas System Planner licences 67
25. Changes to the BSC definition across licences 69

Part three: designation of the Data Integration Platform 70

26. Background 70
27. Proposal to designate the Data Integration Platform 71

Send us your feedback 73

Appendix 1. Questions 74

Appendix 2. Ancillary documents 81

Annex 3. Privacy policy 85

Personal data 85

1. Introduction

Background

1.1 Energy code reform is modernising Britain's energy regulation by replacing complex, outdated governance with a simpler, more agile and forward-looking framework. Many of the rules that govern the operation of the energy system sit within industry codes. These codes set the rules for a wide range of commercial and technical activities from how parties connect to the electricity and gas networks, to how consumers switch suppliers, to who can access consumption data.

1.2 These rules need to keep pace with the transformation happening within our energy system. But taken together, they form a complex and fragmented landscape that can slow innovation, limit competition and hold back investment. Many of the policy and market improvements designed to deliver consumer benefits depend on changes to the codes, but progress can be delayed by friction and competing interests within the current governance arrangements.

1.3 Energy code reform is a joint programme between Ofgem and government to address these issues and turn energy codes into an effective engine for wider system change. It replaces the current industry governance process for updating the codes with a new framework, as enabled by the Energy Act 2023.

1.4 Ofgem's new Predictable, Agile, Collaborative and Technology-enabled (PACT) principles are intended to shape how we regulate and how we work with industry. Through energy code reform, we aim to create a more predictable and agile framework that supports investment, reduces unnecessary administrative burden and enables strategic change to be delivered more efficiently. We encourage code administrators, code managers and code parties to take the same approach, actively identifying opportunities to simplify, streamline and modernise existing code arrangements.

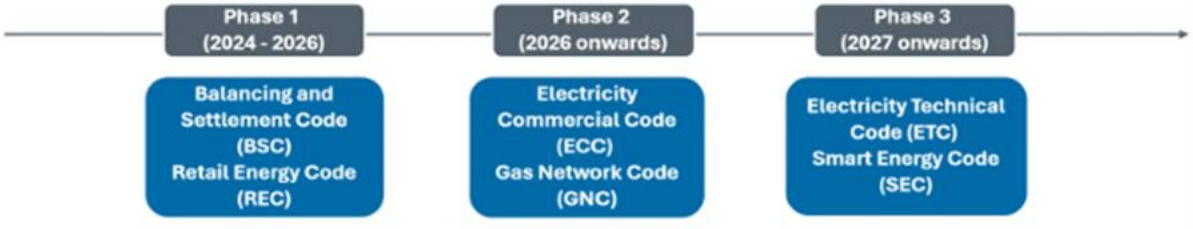
1.5 The reform supports Ofgem's Market Regulatory Strategy and Vision to 2030, as part of the low cost transition. By empowering independent code managers, strengthening strategic direction and improving the change process, system change can be delivered quickly and with greater confidence. Harmonising the processes across the code, consolidation and simplification of the codes is intended to make it easier for market participants to understand the rules that apply to them, reduce compliance burden and remove barriers to entry and innovation.

1.6 The reform introduces several key improvements to the current framework, including Ofgem licensing new code managers who will be responsible for leading code modifications and decision-making and ensuring that the codes develop in line with Ofgem's annual strategic direction statement (SDS). Industry expertise

will remain at the heart of the framework, shaping and developing robust code change proposals and playing a vital role in the process through new stakeholder advisory forums.

1.7 To deliver the reform, Ofgem and government have been progressing several key activities including:

- Ofgem publishing annual strategic direction statements, setting out a clear and ambitious direction for how industry codes must evolve to deliver strategic priorities that support consumer outcomes and the transition to net zero. We published our decision on the SDS-2 on 8 September 2026.
- Ofgem selecting code managers for each code – Ofgem issued a minded to grant notice for phase 1 code managers in August 2025. We also published an invitation for expressions of interest for phase 2 code manager roles in January 2026. Following this, on 1 June we published both our decision to consider the Retail Energy Code Company for non-competitive selection as the code manager for the Electricity Commercial Code (ECC) and our decision to consider Xoserve, in partnership with Encodar (as the Joint Office of Gas Transporters) and Talan, for non-competitive selection as the code manager for the Gas Network Code (GNC). On 27 October, having completed a licensing assessment against code manager selection criteria, we published notices proposing to grant a code manager licence.[1]
- Government, working with Ofgem, published the final code manager standard licence conditions in March 2026. The Secretary of State determined the code manager standard licence conditions for the purposes of Sections 33(1) and 81(2) of the Utilities Act 2000 in May 2026.
- Ofgem turning the high-level design of the new governance framework into detailed licence and code modifications to bring the new framework into effect. This document helps deliver this new governance framework.
- Given the scale of the reforms, we will be delivering the new governance framework in three phases, starting with phase 1 which covers the BSC and REC.



[1] Retail Energy Code Company Limited: notice of proposal to grant a code manager licence | Ofgem and Xoserve Limited: notice of proposal to grant a code manager licence | Ofgem

Context and related publications

1.8 Below is a summary of consultations and decisions that have been published to date:

- Energy code reform phase 1: transitional measures and code changes (April 2026)
- Energy code reform: statutory consultation on modifications to the Retail Energy Code and affected licences | Ofgem (September 2026)
- Second strategic direction statement (September 2026)
- Code manager standard licence conditions: determination notice (May 2026)
- Energy code reform: competitive code manager selection (December 2025)
- Establishing a harmonised prioritisation process in the industry codes: statutory consultation (November 2025)
- Decision on the preliminary Strategic Direction Statement and governance arrangements for industry codes (August 2025)
- The Code Manager Selection (Competitive) Regulations 2025 (June 2025)
- Decision on code manager selection (May 2025)
- Energy code reform: second implementation consultation (April 2025)
- The Code Manager Selection Regulations 2024 (October 2024)
- Energy Code Reform: Government response to consultation on code manager licensing and secondary legislation (October 2024)
- Implementation of energy code reform: decision (August 2024)
- Energy Act 2023
- Call for Input: Energy Code Governance Reform (December 2022)
- Government response to the consultation on Energy Code Reform (April 2022)
- Design and Delivery of the Energy Code Reform: consultation (July 2021)

Purpose of this consultation

1.9 This consultation sets out the changes we propose to make to the following documents to implement the new governance framework:

- Balancing and Settlement Code (BSC)
- the SSES Governance Framework Document
- the Data Integration Platform (DIP) Supplement
- relevant Code Subsidiary Documents (CSDs)[2] and DIP Subsidiary Documents (DSDs)

[2] The proposed changes to the CSDs include amendments to BSC Procedures, Codes of Practice, Data Catalogues, the Reporting Catalogue, Party Service Line 100 and the Load Flow Model Specification.

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- affected electricity and gas licences

1.10 It also seeks views on our proposal that Ofgem recommends to the Secretary of State that the DIP is designated as a central system under Part 6 of the Energy Act 2023.

1.11 Proposed amendments to the DIP Supplement or DSDs in this consultation are the essential changes for implementing the reforms. Further amendments may be progressed later, to allow for appropriate consideration of the implications for DIP governance, operational arrangements and DIP participants. It is intended that these amendments will be taken forward by the BSC code manager following the grant of the code manager licence.

1.12 The proposed amendments in this consultation have been prepared in relation to the BSC and related documents as they stand at the date of publication. These documents may continue to be amended through existing modification processes during the consultation and before implementation of the proposed reforms. We welcome respondents identifying any modifications that may affect the provisions amended through this consultation.

1.13 Under the current SSES governance arrangements, the Secretary of State for Energy Security and Net Zero approves amendments to the SSES Governance Framework Document. The Department for Energy Security and Net Zero (DESNZ) intends to direct Ofgem to make the amendments to the SSES Governance Framework Document proposed in this consultation.

1.14 Following consideration of responses to this consultation, we will issue a notice setting out our decisions on changes to the code, subsidiary documents and licences.

1.15 In this consultation, we use 'BSCCo' when referring to Elexon Limited in its potential role as code manager for the BSC (and thus covering both its code manager business and any permitted businesses). We use 'Elexon' when referring to it in its current capacity (prior to becoming a code manager), in the context of the preparatory steps it has been taking to facilitate the implementation of the new governance framework. We use ‘the code manager’ when referring to the licensed role generally. The terminology used in this consultation reflects the BSC arrangements and does not determine the approach for other industry codes, which will be considered separately.

1.16 References in this document to Elexon, BSCCo, or the licensed code manager should be read in the context of the current stage of the code manager selection and licensing process, and the proposal to grant it a code manager licence that was published in August 2025. They do not indicate that we have made a final decision to grant a code manager licence to Elexon. We will make any licence

grant decision separately, in accordance with the relevant statutory and regulatory requirements.

Structure of this document

1.17 We have set out the background and reasons for the proposed amendments.

1.18 Appended to this consultation are:

- **Appendix 1 – Questions:** sets out questions related to the proposed policy areas explained within this document, as well as relating to annexes 1- 100. We are seeking feedback on the policy in its entirety to fulfil our obligations under the Act
- **Appendix 2 – Ancillary documents**
- **Appendix 3 – Privacy notice** outlines how we will handle your data

1.19 There are also a number of documents and annexes being published alongside this consultation document:

- notice of statutory consultation, which sets out the proposed amendments to the BSC and affected licence changes. The notice also explains the statutory powers and legal basis for this consultation including the provisions of schedule 12 of the Energy Act 2023 under which Ofgem is proposing these changes
- proposed modified BSC sections and code subsidiary documents can be found in Annex 1-Annex 88, and Annex 95 -100 with proposed deletions shown in strike through and proposed new text underlined in red
- proposed modifications to affected licence conditions can be found in Annex 89-Annex 94

Consultation stages

1.20 This statutory consultation is open between 6 November and 18 December 2026. Respondents must provide responses by 18 December to be considered ahead of our intended decision publication in February 2027.

Stage	Publication / activity	Date
Stage 1 (Complete)	Energy code reform: implementation consultation | Ofgem	January 2024
Stage 2 (Complete)	Implementation of energy code reform: decision | Ofgem	August 2024

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Stage	Publication / activity	Date
Stage 3 (Complete)	Consultation on the preliminary Strategic Direction Statement and governance arrangements for industry codes | Ofgem	January 2025
Stage 4 (Complete)	SDS and Governance Arrangements Decision| Ofgem	August 2025
Stage 5 (Complete)	Prioritisation Statutory Consultation	November 2025
Stage 5 (Complete)	Prioritisation Statutory Decision	April 2026
Stage 6 (Complete)	Prioritisation Policy Implementation	2026
Stage 7 (Complete)	Second Implementation Decision	March 2026
Stage 8 (Complete)	Template Code Text Consultation	March 2026
Stage 9 (Complete)	Template Code Text Decision	August 2026
Stage 10 (Complete)	Phase 1: transitional measures and code changes decision	September 2026

How to respond

1.21 We want to hear from anyone interested in this consultation. Please send your response to industrycodes@ofgem.gov.uk.

1.22 We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can. A response template has been provided as a subsidiary document to this consultation on the Ofgem website.

1.23 We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, data and confidentiality

1.24 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

1.25 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

1.26 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ('UK GDPR'), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

1.27 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

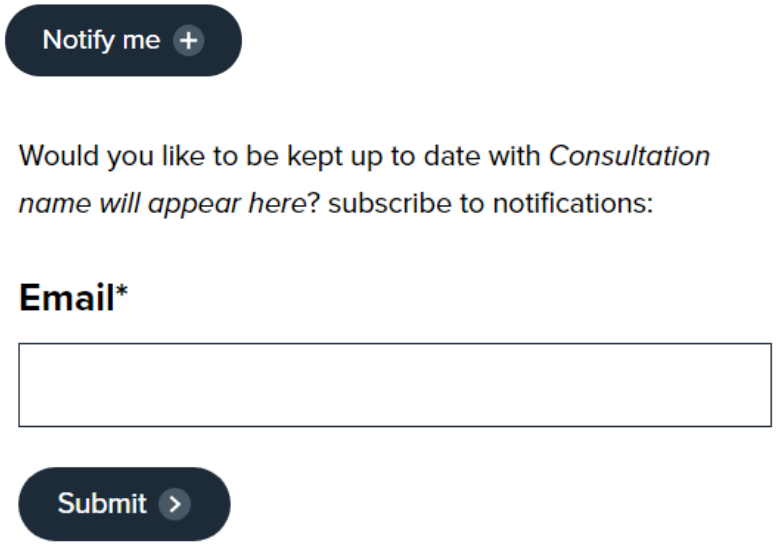
1.28 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

- Do you have any comments about the overall process of this consultation?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Were its conclusions balanced?
- Did it make reasoned recommendations for improvement?
- Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

1.29 You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit. ofgem.gov.uk/consultations



1.30 Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are: **Upcoming** > **Open** > **Closed** (awaiting decision) > **Closed** (with decision).

Part one: Proposed amendments to the Balancing and Settlement Code (BSC)

2. Code modification process and stakeholder advisory forums (SAF)

Proposed amendments

Code modification process

2.1 In the BSC, the process for making changes to the code is currently set out in section F ('Modification Procedures'). We propose that the existing text of section F to the BSC is replaced with the text contained in Annex 6A to this consultation. This text has been adapted from the final template text we published on 7 August 2026, with amendments made to allow it to operate in the context of the BSC. The amendments described in this document refer to those changes made to the template code text and are clearly marked within Annex 6A. The numbering used in Annex 6A is a placeholder based on the August 2026 template code text and is subject to future formatting to align it with the rest of the BSC.

2.2 We have also attached Annex 6B ('EBGL Article 18 Terms and Conditions') which contains our proposed inclusion of the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions, taken from the existing BSC provisions.

2.3 Finally, proposed amendments to the existing procedure document BSCP 40 ('Change Management') can be found in Annex 41.

Amendments across Annex 6A ('Code Modification Process')

2.4 In order to reflect specific operational needs of the BSC, we propose to ensure that the code text in Annex 6A reflects how the modification procedures relate to and interact with the following:

- The European Electricity Balancing Guideline (EBGL)
- Contracts for Difference (CfD)
- Electricity Market Reform Regulations (EMR)
- Capacity Market settlement and rules
- Market Half-Hourly Settlement (MHHS)
- BSC systems, as well as other BSC-related systems and processes
- The Secretary of State

2.5 We have proposed to include these items within relevant areas of Annex 6A to reflect their existing role in current BSC arrangements.

2.6 This has been done to ensure that the proposed text in Annex 6A is suitable for the purposes of the BSC, and enables these key functions to continue to operate, while reflecting the new role of the BSC code manager and the SAF.

2.7 The defined term 'Relevant Code Objectives' has been replaced with 'Applicable BSC Objectives' throughout the code modification and SAF sections. The definition of 'Applicable BSC Objectives' has been updated in the glossary Section X-1 to 'Applicable BSC Objectives means the Relevant Code Objectives as set out in A1.2 of special condition 1 of the Code Manager Licence'. There has therefore been no change in the meaning of the term, but the change in wording means that the code modification and SAF sections are now aligned with the rest of the BSC.

2.8 The defined term 'Code Party' has been changed to 'Party' throughout the code modification and SAF sections. The code manager licence definition of Code Party 'persons who are party to the Relevant Code (including the Licensee)' and the existing BSC definition of Party 'a person who is for the time being bound by the Code by virtue of being a party to the Framework Agreement', together with paragraph 1.2.2 of BSC Section A: Parties and Participation "Parties include: (a) BSCCo and the BSC Clearer") mean that 'Code Party' and 'Party' have an identical effect. There has therefore been no change in the meaning of the term, but the change in wording means that the code modification and SAF sections are now aligned with the rest of the BSC.

Section A4a: Transitional treatment of existing BSC Modification Proposals

2.9 In paragraph 4A of Annex 6A we have proposed to introduce a section to ensure that existing BSC modification proposals are transitioned appropriately to the code manager regime.

2.10 Within this section, we propose that modifications which have not been approved, rejected or withdrawn prior to the Code Manager Licence Commencement Date will be subject to the modification procedures set out in Annex 6A.

2.11 We consider it appropriate for BSCCo to determine which stage the modification proposal should continue from. We also propose that no steps in the modification procedures should be required to be repeated for the transitioned modification proposal unless BSCCo determines it to be necessary. These determinations by the code manager are codified in Annex 6A.

Section A8: Raising Modification Proposals

2.12 In section A8 of Annex 6A, we propose to amend the list of who can raise modification proposals in paragraph A8.1 to include some parties who can currently do so in the BSC.

2.13 This includes proposals to permit the DIP manager and any DIP user, CfD counterparties, the CM settlement body, and the MHHS Issue Resolution Group to raise modifications.

2.14 By aligning this section with existing BSC practice, this will enable all appropriate parties to be able to raise modifications, ensuring that necessary modifications can be raised where required.

Section A9: Modification Path

2.15 In section A9 of Annex 6A, we propose to amend the criteria for classifying a modification as Authority-consent to more accurately reflect the existing BSC criteria.

2.16 These include the proposed changes outlined in paragraph 2.4 of this consultation document, as well as introducing the criteria of where a modification has a material impact on:

- competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity
- the operation of the national electricity transmission system
- matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies

2.17 We consider that these proposed amendments should allow modifications to be more accurately classified as Authority-consent modifications in line with the specific needs of the BSC.

Section A21: Cross-code working

2.18 In section A21 of Annex 6A, we propose to introduce provisions to ensure that BSCCo can establish joint working relationships for the purposes of fulfilling change coordination requirements in relation to core industry documents.

2.19 These provisions include paragraphs that outline that the BSCCo should establish joint working arrangements with each core industry document owner, the STC committee, and the Secretary of State. We note that these provisions exist in the current BSC and are distinct from the cross-code working functions of the CCSG.

2.20 We consider that these proposed amendments will allow BSCCo to fulfil its joint working arrangements.

2.21 This is reflected in the proposed Annex 6A at A21.8 to A21.10 of section A21 (‘cross-code working’).

2.22 We also propose consequential amendments to DSD004 ('DIP Change and Document Management') to align the arrangements for coordinating DIP and cross-code changes with the new BSC governance and modification arrangements.

Section A23: Creation and Modification of Code Subsidiary Documents

2.23 We propose to introduce section A23 into Annex 6A to cover the process for creating and modifying code subsidiary documents in the BSC. This section follows the existing process in the BSC.

2.24 The proposed inclusion of this section will help support effective BSC governance, given the role of the code subsidiary documents in setting out some BSC processes.

DIP change process

2.25 We also propose consequential amendments to the DIP Supplement and DSD004 ('DIP Change and Document Management') to align the DIP change process with the new BSC modification arrangements.

2.26 The amendments would clarify that proposed changes to the DIP Supplement or provisions of the BSC that form part of the DIP Rules are subject to the modification procedures under section F of the BSC. DIP Change Requests relating to DSDs would continue to be managed through the separate DIP change process.

2.27 The amendments to DSD004 would also clarify the roles of the DIP Manager and the DIP Advisory Board (DCAB) under these arrangements, including how the relevant objectives are taken into account.

Stakeholder advisory forum

2.28 In the BSC, the panel arrangements are currently set out in Section B, 'the Panel'. We propose that the existing text of Section B is replaced with the text contained in Annex 2 to this consultation. While the new Section B will set out the arrangements for the SAF, the SAF is not intended to be a direct replacement for the panel. Under the future governance framework, decision-making responsibilities will sit with the code manager while the SAF will provide industry expertise and stakeholder input. We have made a small number of minor drafting amendments where we consider these would improve the readability of the document. The text is the final SAF template text amended to allow it to operate in the context of the BSC.

Independent members

2.29 In our second implementation decision, we set out that the number of independent members should be determined by the Authority on a code-by-code basis.

2.30 For the BSC, we propose that the SAF should have an independent chair and a further two independent members. We consider that this approach provides sufficient independent representation on the SAF while maintaining an appropriate balance between independents and other members. This proposal also aligns with the independent representation currently provided for on the BSC panel.

2.31 This is reflected in the proposed Annex 2 at B4.1b of section 4 ('SAF membership').

Code party representatives

2.32 In our second implementation decision, we set out that the number of code party representatives should be determined on a code-by-code basis.

2.33 We propose that the BSC SAF should include five code party representatives. We consider that this approach would help to strike the balance between ensuring that a range of parties are represented on the SAF and maintaining a forum that is able to operate effectively and support timely-decision making.

2.34 This is reflected in the proposed Annex 2 at B4.1c of section 4 ('SAF membership').

Central system delivery body (CSDB)

2.35 In our second implementation decision, we set out that we would consult on the role of the role of the CSDB for each SAF at the appropriate stage.

2.36 For the BSC, we do not consider that BSCCo, in its role as CSDB, should have a separate role on the SAF. The CSDB functions will form part of Code Manager Business (as set out in our Decision on energy code reform phase 1). An additional role on the SAF in respect of CSDB would therefore duplicate representation without providing a clear additional benefit. We therefore do not consider that there is a separate distinct CSDB role which needs to be represented for the BSC to operate effectively.

Additional representatives

2.37 In our template code text decision, we acknowledged stakeholder support for certain organisations having representation on the SAF. We also stated that we would consider how particular organisations should be represented within the SAF as part of our assessment of code-specific adaptations to the template for each code.

2.38 We propose that NESO should be entitled to attend and participate in SAF meetings. We consider that NESO has an interest in BSC modifications given its role in operating the electricity system and its balancing responsibilities. NESO is also likely to have expertise that will be useful for the SAF in its consideration of some modifications. We note that NESO currently holds a seat on the BSC panel but is not entitled to vote on modification proposals. We therefore consider that NESO should have an automatic entitlement to attend each SAF meeting and provide its expertise.

2.39 We also propose that a representative of the distribution system operators should be entitled to attend and participate in SAF meetings. We consider this appropriate given the role that distribution system operators play under the BSC and the potential for BSC modifications to impact their role. We therefore consider that allowing a representative of the distribution system operators to attend and participate would ensure that their views are represented and captured in SAF meetings.

2.40 This is reflected in the proposed Annex 2 at B4.23 and B4.24 of section 4 ('SAF membership').

Trading parties

2.41 We propose that the election process for appointing code party representatives to the BSC SAF should be limited to trading parties only. This reflects the existing arrangements for electing parties under the BSC to carry out a similar role on the existing panel, which is also limited to trading parties. We consider that this approach is effective because trading parties are the group most directly affected by BSC modifications and therefore have the strongest interest in the appointment of code party representatives. We consider that limiting the election process to trading parties will also help to ensure that code party representatives on the SAF are those most impacted by modifications to the code. We also consider that parties with a strong interest are most likely to engage actively with the SAF which may help to support effective participation and maintain quoracy.

2.42 We recognise that some parties to the BSC who are not trading parties may also be affected by some modifications. To reflect this, we have included provisions allowing such parties to participate in the SAF through the additional representatives section set out above.

Election process

2.43 In our final SAF template text, we set out the election process for appointing code party representatives. In our second implementation decision, we stated that our

approach would simplify the election process while allowing adaptations where necessary to reflect code specific requirements.

2.44 We propose that the BSC should operate a preferential voting system to appoint code party representatives. The BSC currently uses a preferential voting system to appoint code party representatives to the BSC panel. We consider that this approach is appropriate given the composition of BSC trading parties. We note that the BSC includes a small number of large trading parties alongside a wider range of smaller parties. Given the size and number of trading parties, a preferential voting system is more likely to support representation from a broader range of stakeholders. We therefore consider that the use of a preferential voting system is a necessary adaptation to reflect BSC specific requirements.

2.45 This is reflected in the proposed Annex 2 at B10.18 to B10.22 of section 10 ('Election process for code party representatives').

Minutes of SAF meetings

2.46 In our final SAF template text, we set out that the SAF secretary must, within five working days following each SAF meeting, circulate the meeting minutes to SAF members, with those minutes to be approved at the next meeting.

2.47 We have reconsidered this approach when adapting the final template code text for the BSC and we propose that the SAF secretary should be required to circulate minutes within 10 working days of the meeting. We consider that extending the initial timeline to 10 working days would provide the SAF Secretary greater flexibility to prepare meeting minutes, while continuing to ensure that minutes are circulated in a timely manner. We continue to consider that minutes should be approved at the next meeting of the SAF.

2.48 This is reflected in the proposed Annex 2 at B11.13 of section 11 (Operation of SAF'). We also intend to reflect this amendment in each code's draft SAF text which will be consulted on as part of that code's statutory consultation.

Transitional arrangements for establishing the BSC SAF

2.49 We propose to include transitional text in Annex 2 at B13 of the BSC to support the prompt and effective establishment of a SAF immediately after the implementation of the new governance framework.

2.50 The process for appointing SAF members, including electing code party representatives under B10 of the SAF template code text would take several weeks to complete. Without transitional arrangements, the code manager would not be able to establish a SAF immediately from the date the designation of the BSC takes effect (referred to in the code text as the 'designation effective date').

As the SAF has an important role in supporting the management of the code, we consider that transitional arrangements are needed to support continuity from that date.

2.51 We therefore propose to include text allowing the appointment and election processes for SAF members, including elections for code party representatives, to be carried out before the designation effective date (day 1). Ahead of designation, Elexon is expected to hold elections for code party representatives and prepare a SAF ready to be constituted, members appointed, and to begin work from day 1.

2.52 We also propose to include text to allow the code manager to appoint the members of the BSC Panel, as constituted immediately before day 1, to serve as an interim SAF in the event that a SAF cannot be constituted on day 1. The interim SAF would continue until the date on which the SAF composition requirements are met, or six months after day 1, whichever is earlier, unless the Authority approves a later date. Members of the interim SAF would carry out the SAF's responsibilities, objectives and duties, and would be treated as SAF members for the purposes of the BSC. This is reflected in the proposed Annex 2 at B13.

Amendments to BSCP40, Annex 6A ('Change Management')

2.53 BSCP40 currently outlines the process for making changes to the BSC and BSC configurable items and provides the forms to allow parties to submit issues, change proposals, standard change proposals, and modification proposals. We have proposed various amendments to BSCP40 in Annex 41 to align this document with the proposed changes to the code modification process.

2.54 Currently, change proposals can be raised to amend BSC configurable items, where no changes to BSC sections are required and where the BSC configurable items are not subject to the standard change process. Draft change proposals allow participants to comment on or discuss a particular issue and solution prior to a Change Proposal being raised.

2.55 We propose to remove the draft change proposal process from BSCP40 as this would be replaced by the issues process which can be found in Section A7 of Annex 6A and in paragraph 1.1.8 of Annex 41.

2.56 We consider that this amendment would remove duplication and promote efficient governance arrangements within the BSC and related documents.

Policy background and reason for the proposed amendments

2.57 Energy code reform aims to ensure that the codes can respond to the significantly changing sector, enabling change to be delivered more efficiently and effectively in the interests of consumers. This includes making the code modification

process more accessible and easier to engage with. Under the current arrangements, different modification processes across the codes can add complexity for users and is a potential barrier to engagement.

2.58 We have therefore introduced a standardised code modification process, which will be implemented across the relevant codes and administered by the new, licensed code managers, with input from the SAF.

2.59 The new, standardised code modification arrangements are intended to help provide consistency, make the modification process easier for market participants to engage with and to allow strategic change to be delivered more effectively. We have also, in consultation with industry, identified where features of the existing arrangements work well and what could be improved.

2.60 The stages of the standardised modification process are set out in the table below.

1. Table 1: key proposals for each stage

Stage	Key proposals
Pre-modification process	• A harmonised process across codes where issues can be raised and explored before progression to a modification proposal
Raising a modification proposal	• A standard approach as to who can raise a modification • A set of criteria for assessing whether modifications should be accepted • A proposer can request the code manager or another party to take ownership of their modification proposal
Assessment of modification proposals	• Code managers to prioritise assessment of modification proposals against consistent prioritisation criteria • Updated cross-code change process in all codes
Industry consideration	• Default that a workgroup is established • Process for alternative modifications
Consultation	• Code manager drafts consultation

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Stage	Key proposals
	• Modification proposals are normally consulted on once, however the code manager can run a second consultation if necessary
Recommendation to Ofgem/self-governance decision	• Code manager responsible for producing the final report

Effect of the proposed amendments

2.61 The proposed modifications would introduce the BSC-specific provisions required to implement the final template text within the BSC. The effect of the proposed modifications would be to establish the arrangements for the operation of the BSC code modification process and SAF. These arrangements would set out the code manager's responsibilities in relation to the modification process and operation of the SAF. Annex 2 sets out our proposed transitional arrangements at B13.

2.62 Any new code modifications will be subject to the new code modification process. Transitional arrangements will be in place for in-flight code modifications.

2.63 The proposed transitional text would allow the appointment and election of SAF members ahead of designation, to ensure a SAF is ready to be constituted and begin work from day 1. The proposed text also allows the code manager to appoint members of the BSC Panel, as constituted immediately before designation, to serve as an interim SAF for up to six months if a SAF cannot be constituted on day 1.

2.64 Elexon is expected to hold elections for code party representatives before designation and form a full and compliant SAF ahead of day 1.

Previous consultations and decisions

2.65 In our January 2024 Energy Code Reform: implementation consultation, and subsequent decision, we set out our intention to introduce a new, end-to-end code modification process which would be standardised across codes.

2.66 To help us develop an updated code modification process, we asked for volunteers to participate in a workgroup (the modification process workgroup (MPW)), chaired by Ofgem.

2.67 We published two reports which summarised the workgroup's discussion. The workgroup reports have, among other things, helped to inform our proposals related to the code modification process.

2.68 Further detail on the design of the proposed modification process was provided in our April 2025 Energy Code Reform: Second Implementation Consultation, including detail on the roles and responsibilities of code managers, the design of the pre-modification process, and how the end-to-end process would operate.

2.69 In March 2026 we published our decision on the Energy Code Reform: Second Implementation Consultation, and we also issued, and sought feedback on, draft code text on the modification process and the stakeholder advisory forum (SAF).

2.70 In this decision we confirmed that Ofgem would take the approach of developing template code text to align, as far as possible, a standard end-to-end modification process across all codes. We stated that this standardised process would replace the existing arrangements in codes when they transition to the new governance framework, with adaptations made to the text for each industry code where necessary.

2.71 In August 2026 we published the final template code text for the code modification process and SAF, alongside a decision document setting out the main changes from the draft code text published earlier in the year.

Consultation questions

Q1. Do you agree that the proposed amendments to the Final code modification template text for section F, as set out in Annex 6A, delivers the intent of our proposed policy?

Q2. Do you agree that the proposed amendments to the final stakeholder advisory forum template text for section B, as set out in Annex 2, delivers the intent of our proposed policy?

Q3. Do you agree with our proposed approach to transitioning to the SAF, as set out in Annex 2 at B13?

Q4. Do you agree that the proposed amendments to the DIP Supplement and DSD004, as set out in annex 97 and 98, appropriately align the DIP change and document management arrangements with the new BSC modification process and governance framework?

3. Treatment of panel decisions

Proposed amendments

3.1 We propose to:

- replace references to the ‘panel’ with ‘BSCCo’ where the panel makes decisions on non-code modification matters throughout the BSC and code subsidiary documents
- amend the BSC and code subsidiary documents throughout to require BSCCo to consult the SAF as part of its decision-making process for various decisions, particularly where the decision requires the exercise of significant subjective judgement or consideration of external expertise
- amend section X-1 (‘General Glossary’) to define 'SAF Consultation' as a consultation that BSCCo shall undertake with the SAF, whereby BSCCo takes full and proper account of any associated recommendations by the SAF in making a decision or determination
- amend section X-1 (‘General Glossary’) to define 'SAF Referral' as a consultation that BSCCo shall undertake with the SAF, whereby BSCCo (a) takes full and proper account of any associated recommendation by the SAF in making a decision or determination; (b) provides written justification in respect of any deviation from the SAF’s recommendation in making its decision or determination; and (c) provides for its decision or determination to be made by a person of Significant Managerial Responsibility or Influence in BSCCo not involved in the original decision or determination giving rise to such referral
- introduce a mechanism in paragraph 3.1D of section C (‘BSCCo and its Subsidiaries’) that allows BSCCo to disapply the requirement to undertake a SAF Consultation in relation to a decision, or category of decisions, with unanimous agreement from the SAF. In reaching an agreement, BSCCo and the SAF would need to have regard to factors such as the nature, significance and potential impact of the decision, the level of judgement needed to make the decision, and whether SAF input would be likely to materially increase the quality of the decision or decision-making process. Any such disapplication would be limited to 12 months unless renewed and could be withdrawn at any time by one or more SAF members. The mechanism would not apply to decisions made pursuant to the process for the maintenance and modification of the code

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- amend paragraphs 3.3.1 and 3.3.3 of section A ('Parties and Participation') to require BSCCo to undertake a SAF Consultation before determining that it disagrees with a party's notification under paragraph 3.3.1 as to one or more of the participation capacities listed in paragraph 1.3.1, and amending those participation capacities accordingly; and replace the existing appeal process for BSCCo's validation decisions with a process under which BSCCo must undertake a SAF Referral and reconsider its decision
- amend annex T-2, paragraph 4.5 of section T ('Settlement and Trading Charges') to replace the existing process for determining questions or disputes relating to the matters set out in paragraph 4.3(a)(i)-(ii) with a new process under which BSCCo is responsible for making the determination and would be required to undertake a SAF Referral before making its determination
- amend paragraphs 1.5.2 and 1.5.4 of section K ('Classification and Registration of Metering Systems and BM Units') to require BSCCo to undertake a SAF Consultation when determining whether or not a generating plan is exemptible under paragraph 1.5.2; and to replace the existing process for determining appeals against BSCCo's decision under paragraph 1.5.2 with a new process under which BSCCo is responsible for determining appeals and must undertake a SAF Referral before making a determination
- amend paragraph 2.1.7 of section X ('Definitions and Interpretation') to ensure that any documents, methodologies, procedures, guidance, committees and other arrangements established by the panel before the designation effective date continue to have effect after the new governance framework is implemented. The provision would also ensure that references to BSCCo establishing, approving, maintaining or revising those arrangements apply to the corresponding arrangements previously established by the Panel
- amend paragraph 6.3.5 of section Z ('Performance Assurance') to replace the existing process for determining risk management determination appeals with a new process under which BSCCo is responsible for determining appeals. BSCCo would be required to ensure that no individual who was involved in advising or supporting the performance assurance board in relation to the original decision is involved in the appeal determination. BSCCo would also be required to ensure that appeals are determined by someone of sufficient seniority, and to undertake a SAF Referral prior to making its determination

Policy background and reason for the proposed amendments

3.2 In our phase 1 consultation and decision, we considered the changes required to the BSC to reflect the removal of the panel and code administrator roles, and the introduction of the new code manager role. We identified existing BSC

arrangements where the panel is responsible for making decisions on non-code modification matters.

3.3 We decided that, under future code governance arrangements, responsibility for making these decisions should transfer to the code manager. We set out categories of decisions that the code manager could make independently, and categories where it would be required to seek the views of the SAF. We envisaged these categories serving as a guide that Ofgem could refer to when determining the appropriate governance arrangements for each decision, with the applicable approach reflected in the BSC.

3.4 We decided to introduce a mechanism that would allow the code manager and SAF to agree to disapply the requirement for SAF input for certain decisions. We have decided not to limit the use of this mechanism to specific decision or categories of decisions. Instead, outside of the code modification process, the requirement may be disapplied where both the code manager and the SAF agree that SAF input is unnecessary.

3.5 As a general rule, however, we consider that independent decision-making by the code manager would be appropriate for decisions that fall within its expertise and can be determined on the basis of objective criteria, with little or no discretion required. Where a decision requires the exercise of significant subjective judgement or the consideration of external expertise, we would generally expect the code manager to seek the views of the SAF.

3.6 We also identified a small number of decisions where the code manager would be responsible for determining an appeal on its own decision. For these decisions, we decided that the code manager should be required to seek SAF input as part of the decision-making process. It should also be required to consult the SAF on any subsequent appeal decision and provide reasons where it departs from the SAF's advice. In addition, we decided that any appeal decision should be approved by an appropriately senior individual at the code manager who was not involved in the original decision, such as an individual with 'Significant Managerial Responsibility or Influence', as defined in the Code Manager Standard Licence Conditions (SLCs).

3.7 The purpose of the proposed amendments is to give effect to the policy position set out in our phase 1 consultation and decision by transferring responsibility for existing non-code modification decisions from the panel to the code manager. The amendments also introduce associated governance arrangements, including requirements for the code manager to consult the SAF on certain decisions and, where applicable, obtain approval from an appropriately senior individual within the code manager who was not involved in the original decision.

Effect of the proposed amendments

3.8 The proposed modifications would:

- transfer responsibility for certain non-code modification decisions from the panel to BSCCo
- introduce additional governance safeguards for decisions involving significant subjective judgement, external expertise and appeals against BSCCo decisions
- ensure that arrangements established by the panel continue to operate after the new governance framework is implemented
- allow BSCCo and the SAF to agree that SAF input is not required for non-code modification decisions, providing flexibility in the governance process

Previous consultations and decisions

3.9 On 1 September 2026, we published our decision on phase 1 transitional measures and code changes. We decided to proceed with the governance arrangements described above for existing non-code modification decisions in the BSC.

Consultation questions

Q5. Do you agree that the drafting throughout the annexes accurately implements the proposed governance arrangements for non code-modification decisions that are currently taken by the panel?

Q6. Do you agree that the drafting in paragraph 2.1.7 of annex 27A accurately ensures that arrangements established by the Panel continue to operate after the governance framework is implemented?

Q7. Do you agree that the drafting in paragraph 3.1D of annex 3 accurately enables BSCCo, with the unanimous agreement of the SAF, to determine that SAF input is not required in relation to non-code modification decisions?

4. Changes to the Smart Secure Electricity Systems governance arrangements

Proposed amendments

4.1 We propose to amend the Smart Secure Electricity Systems (SSES) Governance Framework to align it with the new BSC governance framework. The amendments would clarify the respective roles of BSCCo, the SAF and the existing SSES

Governance Groups (the Technical Governance Group and the Security Governance Group).

4.2 Under the proposed arrangements, the SSES Governance Groups would remain responsible for the technical and security functions assigned to them, including developing and maintaining the relevant SSES frameworks and making decisions or recommendations on changes to SSES artefacts (documents and technical materials governed by the framework). BSCCo would support and administer those arrangements. Its functions would include providing advice, resources and secretariat support; stakeholder engagement, nomination and election processes; administering the SSES change procedures; procuring services on behalf of the governance groups; coordinating the governance groups; and carrying out relevant reporting, publication and enforcement functions.

4.3 BSCCo would be able to make decisions and determinations assigned to it under the SSES Governance Framework or another SSES artefact. It could not exercise functions assigned to a SSES Governance Group or override decisions made by a governance group.

4.4 The SAF would have an advisory role and would make recommendations on matters referred to it by BSCCo through a SAF consultation or referral. It would have regard to the SSES objectives when doing so. The SAF would not appoint or remove members of the SSES Governance Groups, exercise functions assigned to those groups, or substitute its decision for a governance-group decision.

4.5 Where the SSES Governance Framework or another SSES artefact requires BSCCo to decide an appeal or referral, BSCCo would undertake a SAF referral before making its decision, unless the Framework provides otherwise. This would include decisions relating to SSES participant eligibility and the rejection of nominations for elected governance-group membership.

Policy background and reason for the proposed amendments

4.6 SSES Governance Framework sets out the governance arrangements for Smart Secure Energy Systems (SSES), including the roles of the Technical Governance Group and Security Governance Group. It was established within the existing BSC governance arrangements following modifications made by the Secretary of State to Section C18 of the BSC, which assigned responsibility for administering the Technical Governance Group and Security Governance Group to BSCCo. Amendments are needed to ensure that it continues to operate effectively when the BSC transitions to the licensed code manager arrangements and the BSC panel no longer exists.

4.7 The SSES Governance Framework requires the Secretary of State to direct Ofgem before we can amend it for the purposes of code reform. We are proposing changes to support the continued effective operation of the framework under the new BSC governance arrangements. If, following consultation, we decide to implement the changes, DESNZ is expected to issue the necessary direction. We intend the changes to take effect alongside the related amendments to the BSC.

4.8 The proposed amendments are intended to preserve the role of the SSES Governance Groups in making technical and security decisions while giving BSCCo responsibility for administering, supporting and coordinating the arrangements. They would also provide a defined role for the SAF where stakeholder advice is appropriate, without transferring the governance groups' responsibilities to the SAF.

Effect of the proposed amendments

4.9 The proposed amendments would:

- clarify the respective responsibilities of BSCCo, the SAF and the SSES Governance Groups
- maintain the SSES Governance Groups' responsibility for substantive technical and security decisions
- require SAF input before BSCCo determines specified appeals and referrals
- align the SSES change-management, reporting and publication arrangements with the new BSC governance framework
- make clear that BSCCo and the SAF cannot carry out functions assigned to the SSES Governance Groups

Consultation question

Q8. Do you agree that the proposed amendments to the SSES Governance Framework, as set out in annex 95, appropriately define the roles, responsibilities and decision-making powers of BSCCo, the SAF and the SSES Governance Groups?

5. Code manager business and permitted business

Proposed amendments

5.1 We propose to amend section C of the BSC, 'BSCCo and its Subsidiaries', to distinguish between BSCCo's code manager business and its permitted business.

5.2 The proposed amendments would:

- amend paragraphs 1.2 and 3.1 to reflect the powers, functions and responsibilities assigned to BSCCo under the BSC and the code manager licence, including those that it would perform in its capacity as code manager for the BSC
- introduce paragraph 3.1C to identify the activities that do not form part of its code manager business and that BSCCo may may carry out as permitted business with the Authority's consent
- introduce paragraph 5.1.2A to clarify how the existing waiver and release arrangements apply to claims brought by a party under or in connection with the BSC, including claims connected with BSCCo's performance of permitted business

5.3 Under paragraph 3.1, the DIP manager role and the relevant SSES functions would be identified as forming part of BSCCo's code manager business.

5.4 Paragraph 3.1C, states that BSCCo may perform business or activities other than code manager business where, and to the extent that, the Authority has permitted it to do so under the code manager licence.

5.5 Paragraph 3.1C would identify the following as permitted business:

- providing the Market-wide Half-Hourly Settlement Implementation Manager services under paragraph 12
- providing the Capacity Market Advisory Group administration and management services under paragraph 13
- performing the functions, role and responsibilities of the Energy Price Guarantee Scheme Administrator under paragraph 14
- performing the scheme functions in respect of the 'Relevant Schemes'[3] under paragraph 15
- providing the Energy Intensive Industries Support payment administrator and levy administrator services under paragraph 16
- providing the Market Facilitator implementation services and performing the functions and responsibilities of the Market Facilitator under paragraph 17

5.6 Paragraph 3.1C.4 would also clarify that where the BSC contains powers, functions, responsibilities or obligations that relate solely to a permitted business activity, those provisions would apply only where, and for so long as, the Authority has permitted BSCCo to carry out that activity under the code manager licence. This would include obligations on BSCCo and BSC Parties that arise solely from that permitted business activity.

[3] The Energy Bill Relief Scheme and Energy Bill Discount Scheme

Policy background and reason for the proposed amendments

5.7 Under the new governance framework, a code manager licence authorises a licensee to carry out its code manager business. The licensee may also carry out other activities as permitted business with the Authority's consent.

5.8 In our phase 1 decision, we set out which activities carried out by BSCCo should form part of its code manager business and which should be treated as permitted business.

5.9 We decided that the operation or procurement of the BSC systems, the Data Integration Platform manager role and the relevant Smart Secure Electricity Systems governance functions should form part of the BSC code manager business.

5.10 We decided that the Market-wide Half-Hourly Settlement implementation manager role, the Capacity Market Advisory Group administration and management role, the Energy Intensive Industries support payment administrator and levy administrator roles, and the Market Facilitator role should be treated as permitted business.

5.11 We recognise that the Energy Price Guarantee and the Relevant Schemes have ended. However, paragraphs 14 and 15 contain formal provisions governing when they cease to apply, linked to BSCCo's role or contractual status under the scheme arrangements. We therefore propose to retain paragraphs 14 and 15 and we propose to identify them as permitted business in paragraph 3.1C.3.

5.12 We have recently consulted on the creation and management of the Smart Data Repository (SDR). Those proposals are not included in the scope of this consultation as they are still subject to decision, including whether responsibility for the SDR should sit within Elexon's licensed code manager business or be permitted business.

Effect of the proposed amendments

5.13 The proposed modifications would identify the functions that form part of BSCCo's code manager business and the activities that may be carried out as permitted business under the code manager licence. If Elexon is granted the code manager licence in respect of the BSC, BSCCo may carry out those permitted business activities where, and for so long as, the Authority has given the necessary consent under the licence.

5.14 BSCCo would continue to perform the permitted business activities identified in paragraph 3.1C.3 under the applicable substantive provisions (paragraphs 12 to 17) of section C, subject to that consent.

5.15 Where the BSC contains provisions that relate solely to a permitted business activity, those provisions would apply only where, and for so long as, the Authority has permitted BSCCo to carry out that activity under the code manager licence.

Previous consultations and decisions

5.16 In April 2026, we published the Energy code reform phase 1: transitional measures and code changes consultation. We proposed assessing the scope of code manager business for the phase 1 codes on a case-by-case basis and sought views on our classification of the activities carried out by BSCCo.

5.17 In our decision following that consultation, we decided to retain the case-by-case approach and confirmed the proposed classification of the BSC activities, except for the Data Integration Platform manager role. We decided that this role should form part of the BSC code manager business rather than permitted business. We are therefore not seeking further views on how these activities should be classified.

Consultation question

Q9. Do the proposed modifications to paragraphs 1.2, 3.1, 3.1C, 5.1.2A, and 13.4 of Section C, as set out in annex 3, accurately implement our decisions on BSC code manager business and permitted business?

6. Budgets and budget appeals

Proposed amendments

6.1 We propose to make amendments throughout paragraph 6 of section C ('BSCCo and its Subsidiaries') to align with Code Manager Standard Licence Condition (SLC) 20 (Annual Budget of the Licensee), SLC 21 (Appeals to the Authority on the Annual Budget of the Licensee) and SLC 29 (Production and execution of a delivery plan consistent with the strategic direction), including:

- replacing references to the 'business strategy' with 'work plan' throughout paragraph 6 to align the terminology used in the BSC with that used in the licence
- introducing a requirement in paragraph 6.1.2 for activities approved by Ofgem as permitted business, where the associated costs are recoverable as BSC Costs following Ofgem's consent or in accordance with the code, to be identified in the work plan and annual budget together with those costs

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- introduce a requirement in paragraph 6.1.3 for BSCCo to include in the work plan and annual budget any BSC Costs that relate to both the code manager business and permitted business, together with the basis on which those costs are apportioned between the code manager business and permitted business
- amending paragraph 6.2 to align the required content of the work plan and annual budget with the licence requirements, including requiring BSCCo to set out its most recent estimate of any underspend from the preceding year and the extent to which that underspend is expected to be taken into account when determining amounts payable by or to parties in the year in which the underspend arose or in the plan year. The amendments would also permit the work plan, annual budget and delivery plan to be published as a single document
- amending paragraph 6.3 to align the requirements relating to consultation on and publication of the work plan and annual budget with the licence requirements, including applicable consultation and publication timelines
- amending paragraph 6.3.1(c)(i) to replace the reference to the 'objectives' with the 'code manager objectives', so that when BSCCo revises and finalises the work plan and annual budget (as appropriate) it has regard to the code manager objectives
- introducing a requirement in paragraph 6.4 for BSCCo to prepare a draft delivery plan in accordance with the code manager licence at the same time as it prepares the draft work plan and annual budget, and to consult on the delivery plan in accordance with the consultation requirements applicable to the work plan and annual budget
- introducing a provision in paragraph 6.4.3 clarifying that, where Ofgem directs BSCCo to issue or revise a draft or final delivery plan, BSCCo will not be treated as being in breach of the requirements relating to the preparation of, or consultation on, the delivery plan
- amending paragraph 6.5.1 and 6.5.2 to refer to material overspends or underspends, and to set out the requirements relating to the annual budget and work plan that BSCCo must meet where material overspends or underspends occurs
- introducing a budget appeal process in paragraph 6.6 that reflects the requirements in SLC 21 (Appeals to the Authority on the Annual Budget of the Licence)
- adding a requirement in paragraph 6.6.1 that, before a budget appeal is raised, the code party and BSCCo must make reasonable efforts to resolve the matter

6.2 We also propose amendments to the DIP Supplement and the DIP funding and budgeting subsidiary document (DSD005) to align the DIP budget process with the

revised budget framework in section C of the BSC. These amendments would remove the separate DIP budget consultation and in-year budget amendment process. Instead, DIP costs would be considered through the work plan, annual budget and associated governance arrangements established under the BSC and code manager licence. This reflects the proposal that DIP manager activities should form part of code manager business.

Policy background and reason for the proposed amendments

6.3 SLC 20 (Annual budget of the licensee) requires the code manager to publish an annual budget and also permits mid-year budget amendments.

6.4 SLC 21 (Appeals to the Authority on the annual budget of the licensee) requires code managers to have a budget appeals process in the code.

6.5 SLC 29 (Production and execution of a delivery plan consistent with the strategic direction) requires the code manager to develop a delivery plan that details how they will facilitate the delivery of the requirements of the annual strategic direction statement (SDS). This must be published and consulted on alongside the annual budget.

6.6 In our phase 1 decision, we decided that the DIP manager role should be brought within the scope of licensed code manager business.

6.7 The proposed modifications are intended to give effect to that decision by capturing the DIP manager role in the annual budget framework. The modifications also align the code with requirements and terminology in the SLCs and are intended to encourage code parties and the code manager to resolve concerns on the budget before appeals are made to Ofgem.

Effect of the proposed amendments

6.8 The proposed amendments would:

6.9 align the BSC's budget, work plan and related governance arrangements with the requirements of the code manager licence, including updating terminology used in the BSC

- require activities approved by Ofgem as permitted business, where Ofgem has consented to the associated costs being recoverable as BSC Costs, to be identified in the work plan and annual budget, removing the need for a code modification each time a new permitted business is approved
- where BSC Costs relate to both the code manager business and permitted business, require BSCCo to include in the annual budget and work plan the basis on which those costs are apportioned between those activities
- update the requirements relating to the preparation, content, consultation on and publication of the work plan and annual budget to reflect licence

obligations, including requirements relating to estimated underspends and material overspends and underspends

- require BSCCo to have regard to the code manager objectives when revising and finalising the work plan and annual budget

6.10 permit the work plan, annual budget and delivery plan to be published as a single document

- align the BSC's forward planning arrangements with the code manager licence requirements relating to delivery plans
- introduce budget appeals process that aligns with the requirements of the code manager licence
- encourage earlier engagement before appeals are raised
- align DIP budgeting arrangements with the broader code manager budget framework, ensuring the DIP manager activities are subject to the same budget arrangements

Previous consultations and decisions

6.11 In March 2026, we published our joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA, where we decided to proceed with our proposals to require code managers to publish and consult on budgets, work plans, delivery plans, and to have a budget appeal process in the code.

6.12 In September 2026, we published our phase 1 decision, where we decided to proceed with our proposal to introduce to the phase 1 codes (and subsequent phase codes), the requirement for the code party and the code manager to make reasonable efforts to resolve a matter before a budget appeal is raised.

Consultation questions

Q10. Do you agree that the drafting in paragraph 6 of annex 3 accurately reflect the proposed change to align the BSC's budget, work plan and related governance arrangements with the requirements of the code manager licence, including updating the terminology?

Q11. Do you agree that the drafting in paragraph 6.1.2 and 6.1.3 of annex 3 accurately reflects the proposed changes relating to permitted business activities and costs, including the requirements to identify in the work plan and annual budget any permitted business activities for which Ofgem has consented to the recovery of associated as BSC Costs, and to explain the basis on which costs are allocated between code manager business and permitted business?

Q12. Do you agree that the drafting in paragraph 6.4 of annex 3 accurately reflects the proposed changes relating to delivery plans, including requirements for BSCCo to prepare, consult on and publish delivery plans in accordance with the code manager licence?

Q13. Do you agree that the drafting in paragraph 6.6 of annex 3 accurately reflects the proposed change to implement a budget appeals process that aligns with the requirements of the code manager licence?

Q14. Do you agree that the drafting in paragraph 6.6.1 of annex 3 accurately reflects the proposed change to encourage earlier engagement before budget appeals are raised?

Q15. Do you agree that the drafting in annexes 98 and 99 accurately reflects the proposed change to align the DIP manager budgeting arrangements with the broader code manager budget framework?

7. BSC board governance

Proposed amendments

7.1 In section C ('BSCCo and its Subsidiaries') we propose to:

- amend paragraph 4.1.3(b) to remove references to the panel chair
- amend paragraph 4.1.3(e) to remove requirements relating to the appointment of the panel chair, and to require the majority of directors, excluding the BSCCo chair, to be sufficiently independent directors, as defined in the code manager licence
- introduce a new paragraph 4.1.3(f) requiring the BSCCo chair to satisfy the sufficiently independent director requirements in the code manager licence;
- remove existing paragraph 4.1.3A, which permits the BSCCo chair to be an employee of BSCCo
- remove existing paragraph 4.2.1(d), which sets out requirements relating to directors who are also panel members
- amend paragraph 4.6.1 to remove the requirement for the board to consult with the panel prior to appointment of the chief executive of BSCCo

Policy background and reason for the proposed amendments

7.2 Code Manager Standard Licence Condition (SLC) 16 (Sufficiently Independent Directors) requires the code manager to ensure no fewer than 50% of its directors are sufficiently independent directors. It also requires the chair of the board to meet the licence requirements for sufficiently independent directors.

7.3 The proposed amendments are intended to align the BSC with the requirements of SLC 16 and remove BSC code provisions that are no longer applicable following the removal of code panels.

Effect of the proposed amendments

7.4 The proposed amendments would:

- align the BSC's requirements relating to the composition and independence of BSCCo's board, including the chair, with the requirements in the code manager licence
- remove provisions relating to the code panel and panel chair that are no longer applicable following the removal of code panels

Previous consultations and decisions

7.5 On 1 September 2026, we published our phase 1 decision, where we decided to retain the majority of existing BSC code provisions that set out the governance arrangements of the board. We noted our intention to make housekeeping changes, including removing provisions that are no longer applicable and to address an inconsistency between the BSC and SLC 16 (Sufficiently Independent Directors).

Consultation questions

Q16. Do you agree that the drafting in paragraph 4.1.3 of annex 3 accurately reflects the proposed change to align the BSC's requirements relating to the composition and independence of the Elexon board, including the chair, with the requirements in the code manager licence?

Q17. Do you agree that the drafting in paragraphs 4.1.3, 4.2.1 and 4.6.1 of annex 3 accurately reflects the proposed change to remove provisions relating to the code panel and panel chair that are no longer applicable?

8. Controls on the business

Proposed amendments

8.1 In section C ('BSCCo and its Subsidiaries') we propose to:

- introduce a new paragraph 4.11 requiring BSCCo to provide an annual BSC report to all parties and Ofgem, and setting out the information that must be included in the report. The annual BSC report must be accompanied by BSCCo's annual report and accounts, the most recent BSC audit report, the most recent BM auditor report, the work plan and the annual budget
- introduce a new paragraph 4.12 requiring an annual BSC meeting to be held following the publication of the annual BSC report, and setting out the arrangements relating to the meeting

Policy background and reason for the proposed amendments

8.2 SLC 5 (Regulatory accounts) requires the code manager to publish regulatory accounts to ensure that Ofgem is provided with annual regulatory accounting information that will enable it to assess the financial position of the code manager on a consistent basis.

8.3 The proposed modifications are intended to align the BSC with the requirements of SLC 5 (Regulatory accounts).

Effect of the proposed amendments

8.4 The proposed amendments would align the BSC with the requirements of the code manager licence in relation to regulatory accounts.

Previous consultations and decisions

8.5 In March 2026, we published our joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA. In that response, we decided to proceed with proposals relating to financial reporting.

Consultation question

Q18. Do you agree that the drafting in paragraph 4.11 and 4.12 of annex 3 accurately reflects the proposed change to align the BSC with the licence requirements relating to regulatory accounts?

9. Restrictions on activity and investment

Proposed amendments

9.1 In section C ('BSCCo and its Subsidiaries') we propose to:

- amend paragraph 1.2.1 by removing reference to BSCCo's principal role being to provide and procure facilities, resources and services, and replacing this with the performance of the functions and responsibilities set out in, or assigned to it under, the code and the code manager licence
- amend paragraph 1.2.2 of section C ('BSCCo and its Subsidiaries') to provide that BSCCo shall have the powers, functions and responsibilities set out in, or assigned to it pursuant to, the code manager licence as well as the code, and shall not undertake any business or activity that is not provided for under the code or the code manager licence, except where permitted by Ofgem in accordance with the code manager licence

- amend paragraph 3.4.5 of section C ('BSCCo and its Subsidiaries') to remove requirements relating to the restriction on investments, which are captured under the licence

Policy background and reason for the proposed amendments

9.2 Code Manager Standard Licence Condition (SLC) 17 (Restrictions on activity and investment) restricts the code manager from conducting any business or carrying on any activity other than code manager business, except where Ofgem has consented to the performance of permitted business. It also restricts the code manager from holding any investments except where investments are acquired through treasury management or where Ofgem consents otherwise.

Effect of the proposed amendments

9.3 The proposed modification would:

- update the BSC's description of BSCCo's principal role so that it reflects functions and responsibilities assigned to BSCCo under the BSC and the requirements of the code manager licence
- remove duplication between the BSC and the licence

Previous consultations and decisions

9.4 In October 2024, we published our joint government response to our consultation on code manager licensing and secondary legislation. In that response, we decided to proceed with proposals relating to restrictions on activity and investments.

Consultation questions

Q19. Do you agree that the drafting in paragraph 1.2.1 of annex 3 accurately reflects the proposed change to update the BSC's description of BSCCo's principal role so that it reflects BSCCo's functions and responsibilities under the BSC and the code manager licence?
Q20. Do you agree that the drafting in paragraph 1.2.2 of annex 3 accurately reflects the proposed change to align the BSC with the requirements of the code manager licence?
Q21. Do you agree that the drafting in paragraph 3.4.5 of annex 3 accurately reflects the proposed change to remove duplication between the BSC and the code manager licence?

10. Financial and operational controls

Proposed amendments

10.1 In section C ('BSCCo and its Subsidiaries') we propose to:

- amend paragraph 1.3.2. and paragraph 5.1.1(a) to clarify that BSCCo, in its capacity as code manager, must operate on a not-for-profit basis
- introduce a requirement in paragraph 3.4.3 (a) for BSCCo to comply with any restrictions in the code manager licence relating to indebtedness and transfer of funds, and to remove code provisions that are captured by the licence requirements
- amend paragraph 3.4.3 (b) to replace the requirement for panel approval for making loans or granting credit with a requirement for Ofgem approval
- amend paragraph 3.4.6 to align with licence requirements relating to the prohibition of cross-subsidies, including prohibiting cross-subsidies between BSCCo's code manager business and permitted business, except were permitted under the code manager licence, the BSC, or any applicable law or legislation
- remove paragraph 3.5.1 which requires BSCCo to notify the panel where it has inadequate resources to meet its obligations under the code and take such steps to remedy that position

Policy background and reason for the proposed amendments

10.2 Code Manager Standard Licence Condition (SLC) 10 (Not-for-profit requirement) requires the licensee to carry out the code manager business on a not-for-profit basis.

10.3 SLC 11 (Availability of necessary resource) requires the code manager to have the necessary resource to carry out its licensed role.

10.4 SLC 12 (Indebtedness and transfer of funds) imposes restrictions on the code manager's ability to incur debt and requires Ofgem approval of any divergence.

10.5 SLC 14 (Prohibition on cross-subsidies) requires the code manager to ensure there are no cross-subsidies received from permitted business, allowing exceptions where it is permitted by the licence, code, applicable law or legislation.

10.6 The proposed modifications are intended to align the BSC with the corresponding requirements in the code manager licence and remove provisions that are no longer applicable following the implementation of the new governance framework.

Effect of the proposed amendments

10.7 The proposed modifications would:

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- align the BSC with the requirements of the code manager licence relating to not-for-profit, availability of necessary resources, indebtedness and transfer of funds and prohibition on cross-subsidies
- remove provisions that are no longer applicable following the removal of code panels

Previous consultations and decisions

10.8 In October 2024, we published our joint government response to the consultation on code manager licensing and secondary legislation. In that response, we decided to proceed with proposals relating to the not-for-profit requirement, availability of all necessary resources, indebtedness and transfer of funds and the prohibition of cross-subsidies.

Consultation questions

Q22. Do you agree that the drafting in paragraph 1.3.2 and paragraph 5.1.1(a) of annex 3 accurately reflects the proposed change to align the BSC with SLC 10 (Not-for-profit requirement)?

Q23. Do you agree that the drafting in paragraph 3.4.3(a)-(b) of annex 3 accurately reflects the proposed change to align the BSC with SLC 12 (Indebtedness and transfer of funds) and to remove code provisions that are captured by the licence requirements?

Q24. Do you agree that the drafting in paragraph 3.4.6 of annex 3 accurately reflects the proposed change to align code arrangements with SLC 14 (Prohibition of cross-subsidies)?

Q25. Do you agree that the removal of paragraph 3.5.1 in annex 3 accurately reflects the proposed change to remove code provisions that are no longer applicable following the removal of code panels?

11. Code manager objectives

Proposed amendments

11.1 In section C ('BSCCo and its Subsidiaries') we propose to:

- amend paragraph 1.3.1 to replace the existing requirement for BSCCo to exercise its powers and discharge its functions and responsibilities with a view to achieving the panel objectives with a requirement for BSCCo to carry out the code manager business in a manner that is most likely to facilitate achievement of the code manager objectives

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- amend paragraph 3.4.1 to further limit BSCCo's discretion as to the means by which it discharges its functions and responsibilities under the code, and the manner in which it is managerially organised to do so, such that this discretion is subject to the code manager licence and the code manager objectives, as well as any contrary provision of the code
- replace references to the panel objectives with reference to the code manager objectives in paragraph 3.3.1, paragraph 5.1.5 of section H ('General') and paragraph 2.3.3 of section E ('BSC Agents')

11.2 We also propose to amend paragraph 1.5.1A of section H ('General') to set out that where there is a conflict between the provisions of the BSC and the code manager licence, the code manager licence shall prevail. It will also require BSCCo to notify Ofgem of any such conflicts, and clarify that BSCCo shall not be in breach of the BSC where it uses all reasonable efforts to avoid or mitigate any non-compliance with the BSC.

Policy background and reason for the proposed amendments

11.3 Code Manager Standard Licence Condition (SLC) 3 (Code manager objectives) introduces a set of objectives that the code manager must 'facilitate the achievement of' while carrying out their activities.

11.4 The proposed modifications are intended to reflect the requirement for the code manager to facilitate the achievement of the objectives set out in the licence when carrying out its activities by including cross references to the code manager objectives which are set out in the SLCs, where applicable. They also remove provisions that are no longer applicable following the removal of the code panels.

Effect of the proposed amendments

11.5 The proposed amendments would:

- remove code provisions relating to the panel objectives that are no longer applicable
- ensure that the code manager objectives are appropriately reflected in the code
- clarify how conflicts between the BSC and the code manager licence should be managed

Previous consultations and decisions

11.6 In March 2026, we published our joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA, where we decided to introduce a requirement for licensees to facilitate the achievement of a set of objectives in carrying out any licensable activities.

Consultation questions

Q26. Do you agree that the drafting in paragraphs 1.3.1, 3.3.1 and 3.4.1 of annex 3, paragraph 5.1.5 of annex 8 and paragraph 2.3.3 of annex 5 accurately reflects the proposed changes to ensure that the code manager objectives are appropriately reflected in the code, and to remove code provisions that are no longer applicable?

Q27. Do you agree that the drafting in paragraph 1.5.1A of annex 8 accurately reflects the proposed change to clarify how between conflicts between the BSC and the code manager licence should be managed?

12. Cost recovery and usage-based charging

Proposed amendments

12.1 We propose to:

- update the terminology used in sections C ('BSCCo and its Subsidiaries') and D ('BSC Cost Recovery and Participation Charges') to align with the terminology used in the licence
- amend paragraph 2.3.1 of section D ('BSC Cost Recovery and Participation Charges') to require BSCCo to have regard to the requirements in the code manager licence when preparing, adopting and amending accounting policies
- amend paragraph 6.1-6.3, annex D-3 of section D ('BSC Cost Recovery and Participation Charges') to align with licence requirements relating to usage-based charging by specifying when usage-based charges may be applied and the requirements they must meet

Policy background and reason for the proposed amendments

12.2 Code manager Standard Licence Conditions (SLCs) 22 (Code manager cost recovery methodology) and 23 (Code manager cost recovery statement) require the code manager to ensure that the code contains a cost recovery methodology that meets the requirements set out in the licence, and to prepare, and comply with, a cost recovery statement that enables charging parties to estimate the charges for the performance of code manager business.

12.3 SLC 24 ('Usage-based charging') also allows the code manager to recover costs from parties on a direct usage basis, rather than through core charges under the cost recovery methodology, where criteria set out in the licence are met.

12.4 In our second implementation decision, we decided to retain the existing code administrator cost recovery methodology in the BSC when transitioning to the new code manager framework. This would allow the existing BSC cost recovery

methodology to continue to operate under the licensed code manager framework. However, we noted that consequential code changes would be required to reflect the new code manager framework.

12.5 The proposed modifications are intended to ensure that relevant code provisions are updated to align with the licence requirements and terminology.

Effect of the proposed amendments

12.6 The proposed modifications would:

- align the BSC cost recovery arrangements with the requirements in the code manager licence
- improve consistency between terminology used in the BSC and the code manager licence
- support the consistent application of licence requirements in the preparation and maintenance of accounting policies
- clarify when usage-based charges may be applied and the requirements that apply to them

Previous consultations and decisions

12.7 We made a decision to retain the existing BSC cost recovery methodology in the implementation of energy code reform: second decision and next steps.

12.8 In October 2024, government published the joint government response to our consultation on code manager licensing and secondary legislation, where we decided to proceed with our proposals to require the code manager to ensure that the code contains a cost recovery methodology that meets the requirements set out in the licence, and to prepare, and comply with, a cost recovery statement.

12.9 In March 2026, government published the joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA, where we decided to allow the code manager to recover costs from parties on a direct usage basis, rather than through core charges under the cost recovery methodology, where criteria set out in the licence are met.

Consultation questions

Q28. Do you agree that the drafting in annex 3 and annex 4 accurately reflect the proposed changes to ensure that the code manager cost recovery and usage-based charges requirements in the licence are appropriately reflected in the BSC?

Q29. Do you agree that the drafting in 2.3.1 of annex 4 accurately reflects the proposed change to support the consistent application of licence requirements in the preparation and maintenance of accounting policies?

Q30. Do you agree that the drafting in 6.1-6.3 of annex D-3 in annex 4 accurately reflects the proposed change to clarify when usage-based charges may be applied and the requirements that apply to them?

13. End of licence

Proposed amendments

13.1 In section C ('BSCCo and its Subsidiaries') we propose to:

- introduce arrangements in paragraph 1.7A.1-4 of annex C-3 requiring BSCCo to prepare, maintain and consult on a business handover plan in accordance with the licence requirements
- introduce a requirement in paragraph 1.7A.5 of annex C-3 for BSCCo to take all reasonable steps to comply with and give effect to the business handover plan during a handover period, provide reasonable support and assistance, including the provision of information as Ofgem may direct to persons taking part in any process to determine the identity of a successor licensee, and pay any outstanding credit balance to the successor licensee
- clarify in paragraph 1.7A.6 of annex C-3 that BSCCo will not be in breach of the code where it acts in accordance with the licence or an Ofgem direction relating to the business handover plan, any handover period or the transition of the code manager business to a successor licensee
- clarify in paragraph 1.7B of annex C-3 how the BSC will operate following the appointment of a successor licensee, including by providing that obligations owed to BSCCo in its capacity as code manager are instead owed to the successor licensee, and that the successor licensee assumes the corresponding rights and obligations under the BSC
- clarify in paragraph 1.7B.3 of annex C-3 that nothing in the code restricts or limits BSCCo's ability to comply with a code manager of last resort direction

Policy background and reason for the proposed amendments

13.2 Code Manager Standard Licence Condition (SLC) 31 (End of licence arrangements) requires the code manager to have an Ofgem-approved business handover plan in place within one year of being granted a licence. The business handover plan is intended to facilitate the smooth transfer of the code manager business to a successor licensee. The licence also requires the code manager to consult on the draft business handover plan and keep it under review, so it remains accurate and up to date.

13.3 The proposed modifications are intended to establish the BSC arrangements necessary to support an orderly transfer of the code manager business to a successor licensee where one is appointed.

Effect of the proposed amendments

13.4 The proposed modifications would:

- ensure the licence framework for the end of licence arrangements is appropriately reflected in the BSC, including the rights and obligations of BSCCo, a successor licensee, and BSC Parties
- support continuity in the operation of the BSC during any transition period

Previous consultations and decisions

13.5 In March 2026, we published our joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA, where we decided to proceed with our proposal to include an end of licence SLC to help ensure the smooth handover of code manager responsibilities, should Ofgem revoke a code manager licence.

Consultation question

Q31. Do you agree that the drafting in paragraphs 1.7A and 1.7B of annex 3 accurately reflects the proposed change to ensure that the end of licence framework is appropriately reflected in the BSC and to support continuity in the operation of the BSC during any transition period?

14. Provision of information to, and co-operation with, the Authority

Proposed amendments

14.1 In section C ('BSCCo and its Subsidiaries') we propose to:

- amend paragraph 3.6.1 to require BSCCo to provide comments to Ofgem, in the form requested by Ofgem, on the accuracy and content of any relevant information relating to BSCCo's activities provided pursuant to the code manager licence

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- amend paragraph 3.6.4 to expand the meaning of 'relevant information' to include any other information that Ofgem reasonably requests, or considers may be necessary, in order to perform any functions conferred on it by or under any legal requirement
- amend paragraph 3.6.5 to permit BSCCo not to notify all parties of an Ofgem request relating to the provision of information under paragraph 3.6.1, where Ofgem has directed that no notification should be given
- insert a new paragraph 3.6.6 to provide that BSCCo is not required to comply with a request from Ofgem for information where BSCCo could not be compelled to produce that information as evidence in civil proceedings before a court

Policy background and reason for the proposed amendments

14.2 Code Manager Standard Licence Condition (SLC) 30 (Provision of information to, and co-operation with, the Authority) requires the licensee to provide information requested by Ofgem, subject to exceptions set out in the licence, and sets out related arrangements.

14.3 The BSC currently contains requirements relating to the provision of information. The proposed modifications are intended to update the relevant code provisions to ensure alignment with the requirements of SLC 30.

Effect of the proposed amendments

14.4 The proposed modifications would improve alignment between the BSC and the code manager licence while ensuring that Ofgem receives the information necessary to carry out its regulatory responsibilities.

Previous consultations and decisions

14.5 In March 2026, we published our joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA, where we decided to proceed with our proposal to include an SLC setting out licensees' obligations to provide information to, and co-operate with Ofgem.

Consultation question

Q32. Do you agree that the drafting in paragraph 3.6 of annex 3 accurately reflects the proposed changes to ensure that the code provisions relating to the provision of information to Ofgem align with the licence requirements and to ensure that Ofgem can obtain the information necessary to carry out its regulatory responsibilities?

15. CSDB direction power

Proposed amendments

15.1 We propose to introduce a requirement in paragraph 21.11 of section F for the responsible body for the Data Transfer Service (DTS) to process and implement an amendment to a Data Flow or Data Item in accordance with the change procedures set out in the Data Transfer Service Agreement (DTSA), where the amendment is required by an approved BSC modification or change proposal, BSCCo is designated as the Meta Data Owner for the relevant Data Flow or Data Item in the Energy Market Data Specification, and the amendment has been incorporated into the Energy Market Data Specification in accordance with the Retail Energy Code (REC).

Policy background and reason for the proposed amendments

Ofgem's direction powers under the Energy Act 2023

15.2 Under section 194 of the Energy Act 2023, Ofgem may give a direction to the responsible body in relation to a designated central system. These directions may be used for two purposes, to ensure that the body:

- complies with its obligations under the relevant code; or
- takes such steps as Ofgem considers may be necessary for the efficient operation or implementation of the provisions of the relevant code.

15.3 In January 2025, the Secretary of State designated five systems as 'qualifying central systems' for the purposes of Schedule 12 of the Act.[4]

15.4 In our second implementation consultation, we set out our intention to use our transitional powers to modify existing codes and contracts where necessary to facilitate the exercise of our direction powers, namely changes to ensure:

- responsible bodies are able to recover any costs incurred in complying with directions; and/or
- existing arrangements for making changes to systems, processes or budgets under codes or contracts contain appropriate provisions to enable directions to be implemented.

15.5 We consider that, in most cases, the existing BSC arrangements enable Elexon, as the responsible body for the BSC systems, to comply with an Ofgem direction and recover any associated costs, particularly given the mechanism for making in-year budget amendments. We also note that, before issuing a direction, Ofgem would

[4] Energy codes and central systems: qualifying designation - GOV.UK

consider both the responsible body's ability to recover any associated costs and its ability to comply with the direction.

The applicability of our direction powers to the DTS and the DTSA

15.6 The DTS, operated by ElectraLink, provides the data transfer infrastructure that supports processes across the BSC, REC and Distribution Connection and Use of System Agreement (DCUSA).

15.7 We consider that no changes to the DTSA are needed to enable ElectraLink to comply with an Ofgem direction, or to recover costs incurred in complying with such a direction. However, future modifications to the BSC may require consequential changes to the DTS. Although there are existing mechanisms to enable consequential DTS changes to be implemented, we consider that our direction power could provide an additional tool to facilitate such changes where necessary, helping to ensure the continued effective operation of the DTS and the BSC.

15.8 While the DTSA governs the operation of the DTS, which is a designated system, the DTSA is not a designated document and therefore Ofgem cannot use section 194(1)(a) to direct compliance with obligations contained in it. By contrast, the BSC is a designated document.

Proposal to support the use of Ofgem's direction powers in relation to the DTS

15.9 We propose to add an obligation into the BSC requiring ElectraLink to process and implement changes in accordance with the DTSA change procedures where an approved BSC modification or change proposal requires an amendment to a Data Flow or Data Item for which BSCCo is designated as the Meta Data Owner in the Energy Market Data Specification, and that amendment has been incorporated into the Energy Market Data Specification in accordance with the REC.

15.10 Separately, we expect ElectraLink to bring forward, through the normal DTSA change procedures, a corresponding change to the DTSA requiring it to process and implement such changes in accordance with the DTSA change procedures. Together, these obligations would ensure that the obligation to implement consequential changes to a Data Flow or Data Item is contained within the BSC, enabling Ofgem to use its powers under section 194(1)(a) of the Act, where appropriate, to direct compliance with that BSC obligation.

Effect of the proposed amendments

15.11 The proposed modifications would enable Ofgem to use its power under section 194(1)(a) of the Act to direct ElectraLink to comply with its obligation to process and implement amendments to a Data Flow or Data Item in accordance with the DTSA change procedures, where those amendments are required by an approved

BSC modification or change proposal. This would apply where BSCCo is designated as the Meta Data Owner for the relevant Data Flow or Data Item in the Energy Market Data Specification and the relevant amendment has been incorporated into the Energy Market Data Specification in accordance with the REC.

Previous consultations and decisions

15.12 In March 2026, we published our second implementation decision, where we set out our decision to use our transitional powers under schedule 12 of the Act to make any changes to codes and contracts that are needed to facilitate our ability to use our direction powers under section 194 of the Act. In doing this, we would consider (i) whether any changes are needed to ensure that CSDBs are able to recover any costs incurred in complying with directions, and (ii) whether existing arrangements for making changes to systems, processes or budgets set out in codes and contracts contain appropriate provisions for allowing directions to be complied with.

Consultation question

Q33. Do you agree that the proposed drafting in paragraph 21.11 of annex 6 accurately reflects the proposed change to require the responsible body for the DTS to deliver changes to the Data Transfer Catalogue and REC Data Transfer Flows agreed pursuant to the BSC, in accordance with the change procedures of the DTSA?

16. Subcommittees

Proposed amendments

16.1 Subcommittees in the BSC are currently referred to as 'Panel Committees'. We propose amending references to 'Panel Committees' to 'Code Committees' throughout the code.

16.2 Delegated authority for subcommittees (ie code committees) currently flows from the BSC panel. We propose consequential changes to reflect the new governance framework, under which BSCCo would delegate authority to code committees in accordance with the BSC. Accordingly, references to the panel in relation to subcommittees have been replaced with references to BSCCo. Beyond the amendments relating to subcommittees, amendments have also been made throughout the code to replace references to the panel and reflect the new governance structure.

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

16.3 We propose to introduce a new annex, C-4 (Code Committees), within section C ('BSCCo and its Subsidiaries'). This annex replicates the provisions relating to panel committees (previously contained in section B, which we are proposing to remove), with any consequential changes necessary to reflect the new code governance framework. The provisions covered in annex C-4 include, among other things: code committee governance; membership; duties and terms of reference; and code committee meetings.

16.4 Additionally, we propose introducing paragraphs 3.1A and 3.1B in section C to relocate and amend the existing provisions in section B, 5.1, under which the panel may establish panel committees and delegate powers, functions and responsibilities to them. Section C, 3.1A and 3.1B instead provide that BSCCo may establish code committees and delegate powers, functions and responsibilities to those committees.

16.5 We also propose to introduce the following provisions:

- to require BSCCo to provide secretarial support for code committees (section C, paragraph 3.1B.13)
- to require the code manager to consult relevant stakeholders before deciding to dissolve a code committee (section C, paragraphs 3.1B.11 to 3.1B.12). This requirement would apply only to code committees established on a standing basis, and not to those established for a fixed term or specific purpose; and
- to require the code manager to ensure there is a chair for each code committee, act as chair by default, and consult the relevant code committee before appointing an independent chair (annex C-4, paragraph 1.2.5)

16.6 Additionally, we propose to amend section W, paragraph 1.2.3, in relation to the Trading Disputes Committee, to require the code manager to consult the SAF before determining that the Trading Disputes procedures should be disapplied or varied where a dispute includes matters falling outside the scope of a Trading Dispute.

16.7 We also propose changes to the arrangements for the Smart Secure Electricity Systems (SSES) Governance Groups – see Chapter 4.

Policy background and reason for the proposed amendments

16.8 Much of the day-to-day work of code governance is carried out by subcommittees, which, under the current arrangements, often have delegated authority from code panels. The removal of code panels, and the introduction of code managers and SAFs, means changes are needed to the code to reflect the new roles.

16.9 In our second implementation decision we set out our decision to make the necessary consequential changes, but also to carry out a case-by-case review of

the delegated authority and impartiality requirements for each BSC subcommittee, supported by insights from industry. The purpose of this was to ensure that the right arrangements are put in place for each subcommittee, with any potential variation retained within or across codes where it serves a useful purpose. Following this review, we decided not to make any changes to decision making or impartiality arrangements for BSC subcommittees, other than the necessary consequential changes.

16.10 Under the existing arrangements, subcommittees are referred to as panel committees and exercise powers and responsibilities delegated by the BSC panel. With the removal of the BSC panel, we propose consequential changes so that delegated authority is conferred by BSCCo, under the BSC, reflecting the role of the licensed code manager under the new governance framework

16.11 Arrangements relating to the BSC panel are currently set out in section B. As the BSC panel is being removed, we propose that the provisions relating to code committees are located in section C through the introduction of paragraphs 3.1A and 3.1B and new annex C-4.

16.12 We have also made an addition to paragraphs 3.1B.11-3.1B.12 requiring that, before dissolving a code committee the code manager must consult with code parties, members of the committee being disbanded, members of any other committees impacted by disbanding the committee, the SAF, and Ofgem.

16.13 In our second implementation decision, we also set out our decision that, under the new framework, code managers will be the default party responsible for chairing and providing the secretariat function for subcommittees, unless the code manager considers that appointing an independent chair would result in better outcomes or would allow it to address a potential conflict of interest. We have therefore added new text to paragraph 1.2.5, annex C-4 and section C, 3.1B.13.

Effect of the proposed amendments

16.14 The proposed changes reflect new governance arrangements. Providing chairing and secretariat functions for code committees will provide BSCCo with oversight of the work of subcommittees, provide consistency across codes and streamline governance. Requiring the BSCCo to consult relevant stakeholders before dissolving a standing code committee would provide transparency and help ensure that the views of those affected are taken into account before a committee is disbanded.

Previous consultations and decisions

16.15 In our second implementation consultation, we set out our proposals relating to the arrangements for subcommittees under the new framework. In relation to delegated authority requirements, we proposed carrying out a case-by-case review of each code in collaboration with industry, and that where delegated authority is retained or introduced we would expect this to move to the code manager.

16.16 Regarding chairing arrangements and secretariat functions, we proposed standardising arrangements for subcommittees across codes by making code managers responsible for chairing and providing the secretariat for all subcommittees.

16.17 In our subsequent decision, we confirmed our proposal to carry out a case-by-case review of codes, and subsequently we decided not to make any changes to decision making or impartiality arrangements for BSC subcommittees as part of energy code reform, aside from necessary consequential changes. In that decision, we also confirmed that code managers would be the default party responsible for chairing and providing the secretariat function for subcommittees.

16.18 The proposal requiring the BSCCo to consult relevant stakeholders to before dissolving a standing code committee has not previously been consulted on. This change was identified through the detailed review of the BSC needed to implement the new governance framework. We are therefore seeking views on the proposed drafting through this consultation.

Consultation questions

Q34. Do you agree that the proposed amendments to sections C, W and Z, as set out in Annexes 3, 26 and 28, to modify delegated authority arrangements and terminology for BSC code committees accurately implements our decision to make only necessary consequential changes to arrangements for subcommittees?

Q35. Do you agree that our proposed changes relating to the chairing of, and provision of secretariat support for, BSC code committees accurately implements our decision that code managers should be the default party responsible for these roles?

Q36. Do you agree with our proposal to require BSCCo to consult relevant stakeholders prior to dissolving a standing code committee?

17. Derogations

Proposed amendments

17.1 We propose consequential amendments to the code derogation provisions in section H ('General') to replace references to the BSC panel with references to BSCCo. This is consistent with the broader consequential changes made throughout the code to reflect BSCCo's proposed code manager functions under the new governance framework.

17.2 Additionally, we propose the following consequential changes to provisions where steps in the derogation process are currently carried out by the panel, to reflect the transfer of those functions to BSCCo and consolidate these activities within the role of the licensed code manager:

- paragraphs 10.2.3, 10.2.4, 10.2.5 and 10.2.7, to remove references to the draft sandbox report, which is currently prepared by BSCCo and submitted to the panel before being amended, where necessary, in response to the panel's comments. Under the proposed arrangements, the draft report stage would be removed and references to the 'draft Sandbox Report' would be replaced with references to the 'Sandbox Report'. We also propose requiring the sandbox report to be published on the BSC website
- paragraphs 10.2.7(ii) and 10.3.8(c), to require BSCCo to provide a copy of the sandbox report to the SAF when making the final recommendation to Ofgem on a sandbox derogation application
- paragraphs 10.3.3 to 10.3.6, relating to the sandbox derogation send-back process, to remove requirements for BSCCo to prepare a draft sandbox send-back process for approval by the panel, and instead provide for BSCCo to prepare a sandbox send-back process without a draft version
- paragraphs 10.7.3 to 10.7.7, relating to sandbox derogation cessation reports, to remove the step in which BSCCo prepare and submit a draft cessation report to the panel. Instead, BSCCo would prepare the cessation report and submit it directly to Ofgem

Policy background and reason for the proposed amendments

17.3 In our second implementation consultation we proposed standardising how derogations are handled across codes by making the newly licensed code managers the decision makers in all instances. We also set out alternative options in which this power would be granted to performance assurance boards or to Ofgem, or a further option of maintaining the status quo.

17.4 In our subsequent second implementation decision we stated our view that there are significant obstacles to harmonising decision-making in this area and that it would not be in the interest of either consumers or the industry to make the code

manager the decision maker for all derogations. We therefore decided not to make code managers the decision maker for all code derogations, but instead to maintain status quo arrangements where possible.

17.5 Under the current arrangements, a number of steps in the derogation and sandbox derogation processes are carried out jointly by BSCCo and the BSC panel. As the panel will no longer exist under the new governance framework, we have reviewed these provisions and made consequential changes to transfer the relevant functions to BSCCo under the new governance framework.

Effect of the proposed amendments

17.6 The proposed changes give effect to the new governance structure. The amendments streamline a number of administrative steps by removing requirements for draft reports and draft send-back processes to be reviewed by the BSC panel before being progressed. Publishing sandbox reports on the BSC website and providing copies to the SAF is intended to support transparency and stakeholder engagement. Overall, the proposed changes are not intended to alter the substantive policy framework for derogations, but to ensure that the existing arrangements continue to operate effectively under the new governance framework.

Previous consultations and decisions

17.7 We set out our decisions relating to decision making authority for derogations in the Implementation of energy code reform: second decision.

Consultation question

Q37. Do you agree that our proposed changes to the derogation provisions, as set out in Annex 8, accurately implement our decision to make only the consequential changes necessary to reflect the new governance framework in the BSC derogation provisions?

18. Performance assurance

Proposed amendments

18.1 Section Z ('Performance Assurance') of the code relates to the BSC Performance Assurance Board, which is a code committee under the BSC. As set out in chapter 15 above, we propose consequential changes throughout section Z to replace references to 'Panel Committees' with 'Code Committees', and references to the

BSC panel in relation to the Performance Assurance Board with BSCCo, reflecting its proposed functions under the new governance framework.

18.2 We propose changes to section Z, 6.3.4 (covering the process for determining a Risk Management Determination Appeal) to specify where a Risk Manager Determination Appeal is submitted, BSCCo will schedule the determination appeal as soon as reasonably practicable. This paragraph previously referred to the panel placing the determination on the agenda for the next panel meeting.

18.3 Additionally, we propose amending section Z, 6.3.5, to require BSCCo to maintain arrangements that ensure that a Risk Management Determination Appeal is considered independently of the original decision-making process, determined by personnel of sufficient seniority, and handled confidentially. We also propose to require BSCCo to consult the SAF before making an appeal determination.

18.4 We also propose to amend section L ('Metering'), paragraph 7.3.1, to require that, when determining and instructing the number of metering systems to be audited each year, and the criteria for selecting those systems, BSCCo must act in accordance with guidance issued by the Performance Assurance Board. This replaces the existing requirement for BSCCo to act in accordance with guidance issued by the panel.

Policy background and reason for the proposed amendments

18.5 In our second implementation consultation we set out our proposals to review performance assurance arrangements across the codes and to consider whether to harmonise how decisions on performance assurance are taken across codes.

18.6 As with subcommittees more broadly, we ultimately decided to review performance assurance arrangements on a case-by-case basis, rather than defaulting to a position of transferring decision-making authority to the code manager.

18.7 Following this review, we decided not to make any substantive changes to the BSC performance assurance arrangements, other than the consequential changes required to reflect the new governance framework, including replacing references to 'Panel Committees' with 'Code Committees' and references to the 'Panel' with BSCCo.

Effect of the proposed amendments

18.8 The proposed changes reflect the new governance framework while retaining the existing BSC performance assurance arrangements. The amendments relating to Risk Management Determination Appeals are intended to provide assurance that appeals are considered independently of the original decision-making process

and are subject to appropriate governance safeguards. The amendments to section L clarify that BSCCo should continue to act in accordance with guidance from the Performance Assurance Board when determining the scope of metering system audits, reflecting current practice.

Previous Consultation and decision

18.9 We set out our decisions relating to decision making authority for performance assurance in the Implementation of energy code reform: second decision.

Consultation questions

Q38. Do you agree that the proposed changes to the performance assurance arrangements, as set out in Annexes 11 and 28, reflect our decision to make only those consequential changes necessary to implement the new governance framework?

Q39. Do you agree with the proposed amendment to section Z, paragraph 6.3.5, as set out in Annex 28?

19. Changes to definitions

Proposed amendments

19.1 We propose to amend annex X-1 of the BSC ('General Glossary') to reflect the new governance framework and the proposed amendments elsewhere in the BSC.

19.2 The proposed amendments would:

- introduce definitions needed for the licensed code manager framework, including 'Code Manager', 'Code Manager Business', 'Code Manager Licence', 'Code Reform Go-Live Date', 'Code Manager Objectives', 'Code Manager of Last Resort', 'Delivery Plan', 'Permitted Business' and 'Successor Licensee'
- amend the definitions of 'BSCCo', 'BSC Website', 'Code' and 'Applicable BSC Objectives' where necessary to reflect the new governance framework and the relationship between the BSC and the Code Manager Licence
- introduce or amend definitions supporting the new code modification process, including 'Authority-Consent Modification', 'Authority-Directed Modification Proposal', 'Authority-Led Modification Proposal', 'Backstop Direction', 'Change Register', 'Designated Document', 'Draft Modification Report', 'Final Modification Report', 'Fast Track Self-Governance Modification Proposal', 'Modification Procedures', 'Modification Proposal', 'Proposer', 'Self-Governance Modification Proposal', 'Significant Code Review', 'Urgent Modification Proposal' and 'Workgroup'

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- introduce definitions supporting the stakeholder advisory forum, including 'Stakeholder Advisory Forum', 'SAF', 'SAF Chair', 'SAF Consultation', 'SAF Member', 'SAF Pool Member', 'SAF Referral' and 'SAF Secretary'
- introduce or amend definitions relating to the new committee arrangements, including 'Code Committee' and 'Committee Member'
- retain a definition of 'Panel' for historical references, while making clear that it means the panel established under the BSC before the code manager licence commencement date
- amend other definitions where necessary to replace references to the panel, the existing code administrator arrangements or provisions of the electricity system operator licence that will no longer apply
- remove definitions that are no longer used following the removal or replacement of the related BSC provisions
- update cross-references where defined terms are now set out in another part of the BSC or in the code manager licence

19.3 We also propose consequential amendments to the DIP Glossary (DSD007) to align defined terms used in the DIP Rules with the amended BSC definitions and the new code manager framework.

19.4 The proposed amendments are out in annex 27B and 100 to this consultation. Some cross-references in the draft BSC text remain subject to final numbering and will be updated before the modifications take effect.

Policy background and reason for the proposed amendments

19.5 Annex X-1 contains the general definitions used throughout the BSC. It therefore needs to be updated so that those definitions accurately support the new governance arrangements and use consistent terminology.

19.6 The proposed changes are consequential. The definitions describe or cross-refer to roles, processes and obligations set out elsewhere in the BSC or the code manager licence. They do not, by themselves, create additional substantive requirements.

Effect of the proposed amendments

19.7 The proposed amendments would ensure that the BSC's defined terms are consistent with the new governance framework and the substantive amendments described elsewhere in this consultation.

19.8 They would:

- provide a consistent meaning for terms used across the amended BSC

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- remove or update references to roles and arrangements that will no longer apply
- support the operation of the licensed code manager, the SAF, code committees and the new code modification process
- distinguish between BSCCo's code manager business and permitted business
- preserve the meaning of historical references to the BSC panel where those references need to remain
- make the BSC easier to interpret by placing terms used across several sections in the general glossary

19.9 The proposed amendments are not intended to change the effect of existing BSC provisions unless a substantive change is described elsewhere in this consultation.

Previous consultation and decision

19.10 In our second implementation consultation, we consulted on the proposed roles of licensed code managers and SAFs and on a standardised code modification process. In our subsequent decision, we confirmed the main features of the new framework and our intention to develop template code text that would be adapted for each relevant industry code.

19.11 In August 2026, we published final template code text for the code modification process and SAF. The proposed definitions in annex X-1 support the BSC-specific implementation of that text.

19.12 In our phase 1 consultation and decision, we explained how the BSC would need to reflect the removal of the panel and code administrator roles, the introduction of the licensed code manager role, the distinction between code manager business and permitted business, and the transfer of relevant decision-making responsibilities. The proposed changes to annex X-1 give effect to those decisions where corresponding changes to defined terms are required.

19.13 We are now seeking views on whether the proposed updated definitions accurately and consistently support the substantive BSC amendments.

Consultation question

Q40. Do you agree that the proposed amendments to Section X, annex X-1 as set out in annex 27B, and the DIP Glossary as set out in annex 100, accurately and consistently reflect the new governance framework and the substantive amendments to the BSC? Please identify any definition that you consider unnecessary, unclear or inconsistent with another part of the proposed BSC text.

20. Removal of obsolete BSC provisions

Proposed amendments

20.1 We propose to remove provisions that are obsolete because the relevant transition, scheme or service has ended. The proposed modifications would:

- remove paragraph 2.6.4(b) of section A ('Accession'), which provided a time-limited exception for former Pool members[5] for 14 months after the BSC came into force
- remove paragraph 1.2.1A of section C ('BSCCo & its subsidiaries'), which enabled BSCCo to perform the Warm Home Discount reconciliation operator role
- remove paragraph 3.1.4 of section C, which concerns BSCCo's responsibilities under the scheme used to implement the BSC
- remove paragraph 6.6 of section C, which concerns the budget for the first year of the Market-wide Half-Hourly Settlement implementation arrangements
- replace paragraph 7.1.1 of section C with 'Not used', as it concerns historic arrangements under which BSCCo could delegate certain functions to subsidiaries established under the former Electricity Pool of England and Wales, and is no longer required
- remove paragraph 4.4.6 of section D ('BSC cost recovery'), which allowed the panel to allocate certain costs arising when the BSC was introduced and require BSCCo charges to be recalculated
- remove paragraph 3.2A of section S ('Supplier volume allocation'), which allowed charges payable by suppliers to be suspended during the coronavirus pandemic
- replace paragraph 1A of annex T-2 in section T ('Settlement and trading charges') with 'Not used', as it contains a time-limited process for setting Transmission Loss Factors for the BSC year beginning on 1 April 2025, including a decision that had to be made by 21 November 2025
- remove the historic High Grade Service, Low Grade Service and transition arrangements for the Balancing Mechanism Reporting Service (BMRS) from paragraphs 1.1.2, 2.3.1, 2.3.2 and 2.3.4 of section V ('Reporting'), so that the BSC refers only to the BMRS service now provided free of charge

[5] A BSC party that was a member of the Electricity Pool of England and Wales under the Pooling and Settlement Agreement when, or after, the BSC came into force.

Policy background and reason for the proposed amendments

20.2 These provisions were identified through a detailed review of the BSC. The BSC has been amended over time to support transitional arrangements, time-limited schemes and services that BSCCo no longer provides. Where those arrangements have ended, retaining these provisions can make the BSC harder to navigate and create uncertainty about whether historical obligations or arrangements still apply.

Effect of the proposed amendments

20.3 The proposed modifications would remove obsolete provisions without changing the current rights or obligations of BSC parties. This would support the harmonisation of the governance of the BSC and would help prepare the BSC for the introduction of a licensed code manager. It would also make the BSC clearer and reduce the risk that readers treat historical arrangements as continuing to have effect.

Previous consultations and decisions

20.4 We have not previously consulted on these specific BSC drafting changes. We identified them through a detailed review of the BSC. We are therefore seeking views on whether the identified provisions are obsolete and whether their removal could affect any accrued rights or obligations.

Consultation question

Q41. Do you agree that the provisions identified in sections A, C, D, S, and V and annex T-2, as set out in Annexes 1, 3, 4, 18 and 25, are obsolete and should be removed or marked 'Not used'? Please identify any current purpose, accrued right or obligation that could be affected by their removal.

21. Removal of dependencies on the ESO licence

Proposed amendments

21.1 We propose amendments to sections A ('Parties and Participation') and C ('BSCCo and its Subsidiaries') of the BSC to remove dependencies on the Electricity System Operator (ESO) licence where those dependencies are no longer appropriate under the new governance framework.

Section A

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

21.2 We propose to amend paragraphs 2.3.1, 2.3.2 and 2.3.3 of section A ('Parties and participation') to remove reliance on the ESO licence in relation to disputes concerning the admission of new parties to the BSC. Paragraph 2.3.1 would be amended so that the Authority's determination is made in accordance with special condition 1 of the code manager licence. Paragraphs 2.3.2 and 2.3.3, which provide for the National Energy System Operator (NESO) to admit a party applicant to the BSC Framework Agreement, where directed to do so under the ESO licence, would be removed.

Section C

21.3 We also propose to amend paragraphs 3.7 and 3.8 of section C ('BSCCo and its subsidiaries') to remove reliance on the ESO licence in two areas: the arrangements governing the use and disclosure of BSC data, and the criteria applying to certain NESO and BSCCo reviews.

Use and disclosure of data

21.4 We propose to replace paragraphs 3.7.1 and 3.7.2 and introduce new paragraphs 3.7.3 to 3.7.5.

21.5 The existing provisions support an arrangement under which Ofgem may direct the NESO under the ESO licence, to secure compliance with specified BSC information requirements. This arrangement will no longer be necessary once the new licensed code manager arrangements for the BSC take effect.

21.6 The proposed provisions would not introduce a new framework for the use and disclosure of data. Instead, they would move and adapt powers and safeguards that currently apply to the panel and panel committees under section B, so that they apply to BSCCo and code committees under the new governance framework. They would also remove the indirect compliance mechanism involving NESO's licence.

21.7 The replacement provisions would:

- allow BSCCo and, unless its terms of reference provide otherwise, a code committee, to use and disclose data obtained under the BSC where necessary to carry out their BSC functions and duties
- require BSCCo to follow the assessment process in section H11 ('Open data') before BSCCo or a code committee discloses data under paragraph 3.7.1

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- preserve limited circumstances in which the section H11 process and the restriction in paragraph 3.7.5 would not apply, including certain disclosures to Ofgem or a code committee, disclosures of data already in the public domain, disclosures required or permitted by law, and disclosures expressly required under the BSC
- preserve and adapt safeguards for commercially sensitive data relating to a party or qualified person where the data concerns a matter considered by the Performance Assurance Board or Trading Disputes Committee
- preserve the requirement for trading data that section V ('Reporting') permits to be provided only to a relevant party to be anonymised if it is released under paragraph 3.7.1 to anyone other than that relevant party

NESO and BSCCo review obligations

21.8 We also propose to amend paragraphs 3.8.4 and 3.8.8 of section C.

21.9 Paragraph 3.8.4 would continue to require NESO, at BSCCo's request, to assess the effect of the BSC, or a specified aspect of it, as part of a review under paragraph 3.8.1. Instead of referring to condition E1.13(a) and (b) of the ESO licence, it would refer directly to the efficient, economic and co-ordinated operation of the National Electricity Transmission System.

21.10 Paragraph 3.8.8 would continue to require BSCCo to consider whether a possible modification to the BSC would promote efficiency in the implementation and administration of the balancing and settlement arrangements. We propose to remove the reference to condition E1.13(d) of the ESO licence.

Policy background and reason for the proposed amendments

21.11 Several BSC provisions currently rely on obligations in the ESO licence or on the NESO's role as the code owner under the existing governance framework.

21.12 Under the new governance framework, responsibility for maintaining and administering the BSC will sit with the licensed BSC code manager. As a result, some references to the ESO licence in the code are no longer appropriate.

21.13 The proposed amendments remove those dependencies while preserving the underlying arrangements where they remain necessary. In some cases, this involves replacing references to the ESO licence with references to the code manager licence. In other cases, it involves restating the relevant requirements directly in the BSC.

Effect of the proposed amendments

21.14 The proposed amendments would remove references to the ESO which will be obsolete and align the BSC with the new governance framework.

21.15 They would preserve the relevant accession, data governance and review arrangements while ensuring those arrangements operate directly through the BSC or the code manager licence, rather than through the ESO licence.

Previous consultations and decisions

21.16 We have not previously consulted on these specific BSC drafting changes. We identified them through a detailed review of the BSC. We are therefore seeking views on whether the proposed drafting preserves the necessary data and review arrangements while removing obsolete dependencies on the ESO licence.

Consultation questions

Q42. Do you agree that the proposed drafting in section A, as set out in Annex 1, paragraphs 2.3.1 to 2.3.3, accurately implements the proposed changes to remove dependencies on the ESO licence in relation to party accession arrangements?

Q43. Do you agree that the proposed drafting in section C, as set out in Annex 3, paragraphs 3.7.1 to 3.7.5, provides appropriate powers and safeguards for BSCCo and code committees to use and disclose data?

Q44. Do you agree that the proposed drafting in, paragraphs 3.8.4 and 3.8.8 of section C retains the relevant NESO and BSCCo review obligations while removing unnecessary references to the ESO licence? Changes to the SSES governance arrangements?

Part two: licence changes

22. Background

22.1 Paragraph 4(1) of schedule 12 of the Energy Act 2023 gives Ofgem the power to modify the standard conditions of relevant licences of a particular type where necessary for the purposes set out in paragraph 2 of schedule 12.

22.2 The modifications in this part are limited to changes that are consequential on the transition of the Balancing and Settlement Code (BSC) to the new governance framework and the proposed grant of a code manager licence for the BSC.

22.3 The proposed changes would come into effect following designation of the BSC by the Secretary of State under section 182 of the Act, on the same effective date as the relevant code changes.

22.4 We have consulted separately on required licence changes relating to the Retail Energy Code. Those proposed changes are not reflected in the licence conditions attached to this consultation as they are still subject to decision.

23. Changes to condition E1 of the ESO licence

Proposed amendments

23.1 We propose to amend condition E1 of the Electricity System Operator (ESO) licence by:

- removing paragraphs E1.1 to E1.16, E1.17(b), E1.18 to E1.32, E1.33(b) to (c) and E1.36 relating to the maintenance, governance and modification of the BSC where these matters will be covered by the code manager licence
- retaining paragraph E1.17(a), which requires the National Energy System Operator (NESO) to comply with the BSC
- retain paragraph E1.33(a), which requires NESO to be a party to the BSC Framework Agreement
- retaining paragraphs E1.34 and E1.35, which relate to consequential changes to other industry codes and documents and preserve the Authority's relevant approval, veto and direction rights over those codes and documents

Policy background and reason for the proposed amendments

23.2 Condition E1 of the ESO licence sets out obligations relating to the BSC. These include requirements concerning the maintenance and modification of the BSC, as well as obligations that apply specifically to NESO.

23.3 Under the new governance framework, the licensed BSC code manager will be responsible for maintaining and modifying the BSC. Some existing requirements in condition E1 will therefore be provided for through the code manager licence.

23.4 We propose to remove the provisions for which NESO will no longer be responsible. We propose to retain the provisions that should continue to apply to NESO as the holder of the ESO licence, including its obligations to comply with the BSC, remain a party to the BSC Framework Agreement and support consequential changes to other industry codes and documents.

23.5 We have recently consulted on the creation and management of the Smart Data Repository (SDR), including proposed amendments to condition E1. Those proposals are not included in the scope of this consultation nor the attached annex, as they are still subject to decision.

Effect of the proposed amendments

23.6 The proposed amendments would transfer the relevant responsibilities for maintaining and modifying the BSC from NESO to the licensed BSC code manager.

23.7 They would remove requirements from the ESO licence where those requirements will instead be provided for through the code manager licence.

23.8 NESO would continue to be required to:

- comply with the BSC
- be a party to the BSC Framework Agreement
- take reasonable measures to secure and implement consequential changes to other industry codes and documents where it is a party to them or holds relevant amendment rights
- refrain from preventing or unduly delaying those consequential changes

Previous consultations and decisions

23.9 In our 2024 joint consultation on code manager licensing and secondary legislation, we proposed requiring licensed code managers to maintain the relevant codes. We explained that this would require consequential changes to existing licence conditions.

23.10 In the 2024 joint response, government and Ofgem confirmed that the code manager licence would include the obligation to maintain the relevant code. We also confirmed that we would consider which obligations should remain in existing licence conditions.

23.11 The proposed modifications to condition E1 would implement this approach for the BSC. They would remove obligations that will transfer to the licensed code manager and retain those that should continue to apply to NESO.

Consultation question

Q45. Do you agree that the proposed modifications to condition E1 of the Electricity System Operator licence as set out in Annex 93 appropriately transfer responsibility for maintaining and modifying the BSC to the licensed BSC code manager, while retaining the obligations that should continue to apply to NESO?

24. Consequential changes to definitions in the ESO and Gas System Planner licences

Proposed amendments

24.1 We propose to make the following consequential changes to the definitions in condition A1 of the Electricity System Operator (ESO) licence:

- amend the definitions of 'Balancing and Settlement Arrangements', 'Balancing Mechanism' and 'Imbalance Price' so that they refer to the relevant provisions of special condition 1 of the code manager licence granted in respect of the BSC
- remove the definition of ‘Applicable BSC Objectives’, as the term will no longer be used in the ESO licence following the removal of the relevant provisions from condition E1
- remove a redundant reference to the BSC from the definition of 'Backstop Direction'
- introduce a definition of 'BSC Code Manager' as the holder of a code manager licence in respect of the BSC
- amend the definition of 'BSC Party' by replacing the description of the BSC code administrator with a reference to the holder of a code manager licence in respect of the BSC
- remove the definition of 'BSC Panel', which will no longer be required under the new governance framework
- remove the definition of 'BSC Significant Code Review Phase', as the relevant arrangements will no longer be set out in the ESO licence
- amend the definition of 'Relevant Code Administrator' so that, in relation to the BSC, it refers to the BSC Code Manager rather than the BSC Code Administrator

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- amend the definition of 'Relevant Code Panel' to remove the reference to the BSC Panel
- amend the definition of 'Self-Governance Statement' to remove paragraph (iii), which relates to the BSC

24.2 We also propose to amend the definition of 'Balancing Mechanism' in condition A1 of the Gas System Planner licence. The amended definition would refer to the arrangements contained in paragraph B1.1 of special condition 1 of the code manager licence granted in respect of the BSC.

Policy background and reason for the proposed amendments

24.3 The definitions in the ESO and Gas System Planner licences currently reflect the existing BSC governance arrangements. They include references to the BSC code administrator and BSC panel, as well as to BSC arrangements currently provided for through condition E1 of the ESO licence.

24.4 Under the new governance framework, the licensed BSC code manager will be responsible for the governance of the BSC. The BSC panel and code administrator roles will be replaced by the licensed code manager and the new governance arrangements set out in the BSC. The BSC objectives, modification procedures and significant code review arrangements will also be provided for through the BSC and the code manager licence.

24.5 The proposed modifications are consequential on these changes. They would update or remove definitions that rely on the existing BSC governance arrangements and ensure that the remaining definitions refer to the licensed BSC code manager or the relevant provisions of its licence where appropriate. They would not introduce new obligations or change the underlying approach.

Effect of the proposed modifications

24.6 The proposed modifications would ensure that the definitions in the ESO and Gas System Planner licences continue to operate as intended following the BSC's transition to the new governance framework. They would preserve the intended meaning of the affected licence provisions while removing references to roles, arrangements and licence provisions that will no longer apply to the BSC.

Previous consultations and decisions

24.7 In our 2024 consultation on code manager licensing and secondary legislation we explained that consequential amendments to existing licences and codes would be needed to implement the new governance framework.

24.8 We subsequently confirmed that licensed code managers would be responsible for maintaining their relevant codes. The proposed modifications give effect to that approach by updating or removing definitions that reflect the existing BSC governance arrangements.

Consultation question

Q46. Do you agree that the proposed modifications to the definitions in condition A1 of the Electricity System Operator licence and condition A1 of the Gas System Planner licence as set out in Annexes 93 and 94 reflect the BSC's transition to the new governance framework?

25. Changes to the BSC definition across licences

Proposed amendments

25.1 We propose to amend the definition of the 'Balancing and Settlement Code' in relevant licence conditions. These changes would affect the following licence conditions:

- standard condition 1 of the electricity distribution licence
- standard condition 1 of the electricity supply licence
- condition A1 of the electricity system operator (ESO) licence
- standard condition 9 of the electricity generation licence
- standard condition A1 of the transmission licence

25.2 The proposed definition reflects that the Secretary of State may designate the BSC under section 182(1)(b) of the Energy Act 2023.

Policy background and reason for the proposed amendments

25.3 The current licence definitions of the Balancing and Settlement Code (BSC) reflect the existing governance framework, under which the BSC is maintained in accordance with condition E1 of the electricity system operator (ESO) licence. Under the new framework, the Secretary of State would designate the BSC under section 182(1)(b) of the Energy Act 2023. The licensed code manager would then maintain the BSC in accordance with its code manager licence, including standard condition 27.

25.4 The proposed modifications are consequential on this transition. They are intended to ensure that references to the BSC remain accurate and consistent across the relevant licences when the BSC moves to the new code manager framework.

Effect of the proposed amendments

25.5 The proposed modifications would update references to the BSC in the affected licences to reflect its status under the new code manager framework. They are consequential and do not change the underlying policy or obligations. Instead, they ensure that the licence definitions remain accurate when the new framework takes effect.

Previous consultations and decisions

25.6 We have previously advised that we would consult on the governance arrangements for the BSC and the introduction of licensed code managers through a series of energy code reform consultations. Including the consultation on reforming the energy industry codes (2019) and the consultation on the design and delivery of the energy code reform (2021).

Consultation question

Q47. Do you agree that the proposed amendments to the definition of the BSC, as set out in Annexes 89-93, appropriately reflect its designation under section 182 of the Energy Act 2023 and its transition to the new code manager framework?

Part three: designation of the Data Integration Platform

26. Background

26.1 The Energy Act 2023 ('the Act') grants Ofgem enduring powers over codes and central systems which have been designated as 'designated documents' and 'designated central systems' by the Secretary of State, following a recommendation from Ofgem.

26.2 These powers include the ability to issue directions to the entity responsible for operating, or procuring the operation of, a designated central system to ensure they comply with their obligations under a designated document, or where it may be necessary for the efficient operation or implementation of the provisions of a designated document.

26.3 The Act also grants Ofgem time-limited transitional powers to modify existing codes, licences, and contracts to implement the new code governance framework. These transitional powers may only be used in relation to 'qualifying documents' or 'qualifying central systems' that have first been designated for this purpose by the Secretary of State, following a recommendation from Ofgem.

26.4 If a document or central system has not been designated as a qualifying document or qualifying central system by the Secretary of State, the Act requires Ofgem to consult appropriate stakeholders before recommending the Secretary of State designate it under part 6 of the Act.

27. Proposal to designate the Data Integration Platform

Proposal

27.1 We propose to recommend that the Data Integration Platform (DIP) is designated as a 'designated central system' by the Secretary of State.

Policy background and reason for the proposal

27.2 The DIP supports data exchange between market participants, including the exchange of data needed for Market-wide Half-Hourly Settlement (MHHS). It is defined in Section X-1 of the BSC. We consider that the DIP falls within the definition of a central system such that that it may be designated under section 184 of the Act.

27.3 The DIP's governance arrangements are set out in the DIP Supplement and the DIP Subsidiary Documents. The DIP Supplement forms part of the BSC, sets out the functions, duties and powers of the DIP manager, and provides that functions carried out under the DIP Rules are functions under and pursuant to the BSC. The DIP Supplement and the DIP Rules are also defined in Section X-1 of the BSC.

27.4 Elexon currently performs the role of DIP Manager and therefore would be the responsible body for the DIP if it is designated as a designated central system. The role of DIP Manager is also defined in Section X-1 of the BSC.

27.5 We consider that the DIP is integral to the industry code framework and plays an important role in delivering MHHS. Designating the DIP as a designated central system would enable Ofgem to exercise its enduring powers under section 194 of the Act, including its power to direct the responsible body where the statutory tests are met.

27.6 We consider designation appropriate notwithstanding that we also propose to include the DIP Manager functions within the scope of Elexon's licensed code manager business. Our phase 1 decision set out that the inclusion of functions connected to central systems within a specific code manager licence would not remove or limit the statutory framework for designated central systems, including our power to give directions under section 194 of the Act. Where functions are also within licensed code manager business the direction power may complement regulation through the code manager licence.

27.7 The DIP was not yet fully operational when we conducted our first implementation consultation in January 2024. As a result, it was not included in the consultation and subsequently Ofgem did not recommended it be designated as a 'qualifying central system' in December 2024.

27.8 We don't consider that we need to make any modifications to the DIP. We are therefore consulting on our proposal to enable our enduring powers over the DIP by recommending it is designated it as a 'designated central system', as required by the Act.

Previous consultations and decisions

27.9 In our August 2024 first implementation decision we stated our intention to recommend that the Secretary of State designate certain codes and central systems as 'qualifying documents' and 'qualifying central systems'. We published our recommendation to the Secretary of State in December 2024 with designation taking effect on 29 January 2025.

Consultation question

Q48. Do you agree that we should recommend to the Secretary of State that the Data Integration Platform should be designated as a 'designated central system'?

Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this consultation. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.

Appendix 1. Questions

Question Number	Question
Q1	Do you agree that the proposed amendments to the Final code modification template text for section F, as set out in Annex 6A, delivers the intent of our proposed policy?
Q2	Do you agree that the proposed amendments to the final stakeholder advisory forum template text for section B, as set out in Annex 2, delivers the intent of our proposed policy?
Q3	Do you agree with our proposed approach to transitioning to the SAF, as set out in Annex 2 at B13?
Q4	Do you agree that the proposed amendments to the DIP Supplement and DSD004, as set out in annex 97 and 98, appropriately align the DIP change and document management arrangements with the new BSC modification process and governance framework?
Q5	Do you agree that the drafting throughout the annexes accurately implements the proposed governance arrangements for non code-modification decisions that are currently taken by the panel?
Q6	Do you agree that the drafting in paragraph 2.1.7 of annex 27A accurately ensures that arrangements established by the Panel continue to operate after the governance framework is implemented?
Q7	Do you agree that the drafting in paragraph 3.1D of annex 3 accurately enables BSCCo, with the unanimous agreement of the SAF, to determine that SAF input is not required in relation to non-code modification decisions?
Q8	Do you agree that the proposed amendments to the SSES Governance Framework, as set out in annex 95, appropriately define the roles, responsibilities and decision-making powers of BSCCo, the SAF and the SSES Governance Groups?

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Question Number	Question
Q9	Do the proposed modifications to paragraphs 1.2, 3.1, 3.1C, 5.1.2A, and 13.4 of Section C, as set out in annex 3, accurately implement our decisions on BSC code manager business and permitted business?
Q10	Do you agree that the drafting in paragraph 6 of annex 3 accurately reflect the proposed change to align the BSC's budget, work plan and related governance arrangements with the requirements of the code manager licence, including updating the terminology?
Q11	Do you agree that the drafting in paragraph 6.1.2 and 6.1.3 of annex 3 accurately reflects the proposed changes relating to permitted business activities and costs, including the requirements to identify in the work plan and annual budget any permitted business activities for which Ofgem has consented to the recovery of associated as BSC Costs, and to explain the basis on which costs are allocated between code manager business and permitted business?
Q12	Do you agree that the drafting in paragraph 6.4 of annex 3 accurately reflects the proposed changes relating to delivery plans, including requirements for BSCCo to prepare, consult on and publish delivery plans in accordance with the code manager licence?
Q13	Do you agree that the drafting in paragraph 6.6 of annex 3 accurately reflects the proposed change to implement a budget appeals process that aligns with the requirements of the code manager licence?
Q14	Do you agree that the drafting in paragraph 6.6.1 of annex 3 accurately reflects the proposed change to encourage earlier engagement before budget appeals are raised?
Q15	Do you agree that the drafting in annexes 98 and 99 accurately reflects the proposed change to align the DIP manager budgeting arrangements with the broader code manager budget framework?
Q16	Do you agree that the drafting in paragraph 4.1.3 of annex 3 accurately reflects the proposed change to align the BSC's requirements relating to the composition and independence of the Elexon board, including the chair, with the requirements in the code manager licence?

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Question Number	Question
Q17	Do you agree that the drafting in paragraphs 4.1.3, 4.2.1 and 4.6.1 of annex 3 accurately reflects the proposed change to remove provisions relating to the code panel and panel chair that are no longer applicable?
Q18	Do you agree that the drafting in paragraph 4.11 and 4.12 of annex 3 accurately reflects the proposed change to align the BSC with the licence requirements relating to regulatory accounts?
Q19	Do you agree that the drafting in paragraph 1.2.1 of annex 3 accurately reflects the proposed change to update the BSC's description of BSCCo's principal role so that it reflects BSCCo's functions and responsibilities under the BSC and the code manager licence?
Q20	Do you agree that the drafting in paragraph 1.2.2 of annex 3 accurately reflects the proposed change to align the BSC with the requirements of the code manager licence?
Q21	Do you agree that the drafting in paragraph 3.4.5 of annex 3 accurately reflects the proposed change to remove duplication between the BSC and the code manager licence?
Q22	Do you agree that the drafting in paragraph 1.3.2 and paragraph 5.1.1(a) of annex 3 accurately reflects the proposed change to align the BSC with SLC 10 (Not-for-profit requirement)?
Q23	Do you agree that the drafting in paragraph 3.4.3(a)-(b) of annex 3 accurately reflects the proposed change to align the BSC with SLC 12 (Indebtedness and transfer of funds) and to remove code provisions that are captured by the licence requirements?
Q24	Do you agree that the drafting in paragraph 3.4.6 of annex 3 accurately reflects the proposed change to align code arrangements with SLC 14 (Prohibition of cross-subsidies)?
Q25	Do you agree that the removal of paragraph 3.5.1 in annex 3 accurately reflects the proposed change to remove code provisions that are no longer applicable following the removal of code panels?

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Question Number	Question
Q26	Do you agree that the drafting in paragraphs 1.3.1, 3.3.1 and 3.4.1 of annex 3, paragraph 5.1.5 of annex 8 and paragraph 2.3.3 of annex 5 accurately reflects the proposed changes to ensure that the code manager objectives are appropriately reflected in the code, and to remove code provisions that are no longer applicable?
Q27	Do you agree that the drafting in paragraph 1.5.1A of annex 8 accurately reflects the proposed change to clarify how between conflicts between the BSC and the code manager licence should be managed?
Q28	Do you agree that the drafting in annex 3 and annex 4 accurately reflect the proposed changes to ensure that the code manager cost recovery and usage-based charges requirements in the licence are appropriately reflected in the BSC?
Q29	Do you agree that the drafting in 2.3.1 of annex 4 accurately reflects the proposed change to support the consistent application of licence requirements in the preparation and maintenance of accounting policies?
Q30	Do you agree that the drafting in 6.1-6.3 of annex D-3 in annex 4 accurately reflects the proposed change to clarify when usage-based charges may be applied and the requirements that apply to them?
Q31	Do you agree that the drafting in paragraphs 1.7A and 1.7B of annex 3 accurately reflects the proposed change to ensure that the end of licence framework is appropriately reflected in the BSC and to support continuity in the operation of the BSC during any transition period?
Q32	Do you agree that the drafting in paragraph 3.6 of annex 3 accurately reflects the proposed changes to ensure that the code provisions relating to the provision of information to Ofgem align with the licence requirements and to ensure that Ofgem can obtain the information necessary to carry out its regulatory responsibilities?
Q33	Do you agree that the proposed drafting in paragraph 21.11 of annex 6 accurately reflects the proposed change to require the responsible body for the DTS to deliver changes to the Data Transfer Catalogue and REC Data

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Question Number	Question
	Transfer Flows agreed pursuant to the BSC, in accordance with the change procedures of the DTSA?
Q34	Do you agree that the proposed amendments to sections C, W and Z, as set out in Annexes 3, 26 and 28, to modify delegated authority arrangements and terminology for BSC code committees accurately implements our decision to make only necessary consequential changes to arrangements for subcommittees?
Q35	Do you agree that our proposed changes relating to the chairing of, and provision of secretariat support for, BSC code committees accurately implements our decision that code managers should be the default party responsible for these roles?
Q36	Do you agree with our proposal to require BSCCo to consult relevant stakeholders prior to dissolving a standing code committee?
Q37	Do you agree that our proposed changes to the derogation provisions, as set out in Annex 8, accurately implement our decision to make only the consequential changes necessary to reflect the new governance framework in the BSC derogation provisions?
Q38	Do you agree that the proposed changes to the performance assurance arrangements, as set out in Annexes 11 and 28, reflect our decision to make only those consequential changes necessary to implement the new governance framework?
Q39	Do you agree with the proposed amendment to section Z, paragraph 6.3.5, as set out in Annex 28?
Q40	Do you agree that the proposed amendments to Section X, annex X-1 as set out in annex 27B, and the DIP Glossary as set out in annex 100, accurately and consistently reflect the new governance framework and the substantive amendments to the BSC? Please identify any definition that you consider unnecessary, unclear or inconsistent with another part of the proposed BSC text.

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Question Number	Question
Q41	Do you agree that the provisions identified in sections A, C, D, S, and V and annex T-2, as set out in Annexes 1, 3, 4, 18 and 25, are obsolete and should be removed or marked 'Not used'? Please identify any current purpose, accrued right or obligation that could be affected by their removal.
Q42	Do you agree that the proposed drafting in section A, as set out in Annex 1, paragraphs 2.3.1 to 2.3.3, accurately implements the proposed changes to remove dependencies on the ESO licence in relation to party accession arrangements?
Q43	Do you agree that the proposed drafting in section C, as set out in Annex 3, paragraphs 3.7.1 to 3.7.5, provides appropriate powers and safeguards for BSCCo and code committees to use and disclose data?
Q44	Do you agree that the proposed drafting in, paragraphs 3.8.4 and 3.8.8 of section C retains the relevant NESO and BSCCo review obligations while removing unnecessary references to the ESO licence? Changes to the SSES governance arrangements?
Q45	Do you agree that the proposed modifications to condition E1 of the Electricity System Operator licence as set out in Annex 93 appropriately transfer responsibility for maintaining and modifying the BSC to the licensed BSC code manager, while retaining the obligations that should continue to apply to NESO?
Q46	Do you agree that the proposed modifications to the definitions in condition A1 of the Electricity System Operator licence and condition A1 of the Gas System Planner licence as set out in Annexes 93 and 94 reflect the BSC's transition to the new governance framework?
Q47	Do you agree that the proposed amendments to the definition of the BSC, as set out in Annexes 89-93, appropriately reflect its designation under section 182 of the Energy Act 2023 and its transition to the new code manager framework?
Q48	Do you agree that we should recommend to the Secretary of State that the Data Integration Platform should be designated as a 'designated central system'?

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Appendix 2. Ancillary documents

Annex	Document/schedule	Title/description
1	Section A	BSC main body
2	Section B	BSC main body
3	Section C	BSC main body
4	Section D	BSC main body
5	Section E	BSC main body
6	Section F (6A) and appendix (6B)	BSC main body
7	Section G	BSC main body
8	Section H	BSC main body
9	Section J	BSC main body
10	Section K	BSC main body
11	Section L	BSC main body
12	Section M	BSC main body
13	Section N	BSC main body
14	Section O	BSC main body
15	Section P	BSC main body
16	Section Q	BSC main body
17	Section R	BSC main body
18	Section S	BSC main body
2S	Section S Annex 1	BSC main body
20	Section S Annex 2	BSC main body
21	Section S Annex 3	BSC main body
22	Section S Annex 4	BSC main body
23	Section T	BSC main body
24	Section U	BSC main body
25	Section V	BSC main body
26	Section W	BSC main body
27	Section X (27A); X1 (27B); X2 (27C)	BSC main body
28	Section Z	BSC main body
29	BSCP 01	BSC procedure relating to overview of trading arrangements
30	BSCP 02	BSC Procedure proving test requirements for central volume allocation metering systems
31	BSCP 03	BSC Procedure 03 relating to Data Estimation and Substitution for Central Volume Allocation
32	BSCP 06	BSC Procedure 06 relating to CVA Meter Operations for Metering Systems Registered in CMRS
33	BSCP 11	BSC Procedure 11 relating to trading disputes
34	BSCP 14	BSC Procedure 14 relating to processing of manifest error claims

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Annex	Document/schedule	Title/description
35	BSCP 15	BSC Procedure 15 relating to BM unit registration
36	BSCP 25	BSCP25 Registration of Transmission System Boundary Points, grid supply points, GSP groups and distribution systems connection points
37	BSCP 27	BSC Procedure 27 technical assurance of metering systems for settlement purposes
38	BSCP 31	BSC procedure 31 registration of trading units
39	BSCP 32	BSC Procedure 32 relating to metering dispensations
40	BSCP 38	BSC Procedure 38 relating to authorisations
41	BSCP 40	BSC Procedure 41 relating to change management
42	BSCP 71	BSC Procedure 71 relating to the submission of Energy Contract Volume Notifications (ECVNs) and Metered Volume Reallocation Notifications (MVRNs)
43	BSCP 128	BSC Procedure 128 relating to production, submission, audit and approval of line loss factors
44	BSCP 128 appendix only	BSC Procedure 128 appendix relating to the Methodology Self Assessment Document (MSAD) for host LDSOs and embedded LDSOs that do not mirror
45	BSCP 201	BSC Procedure 201 relating to system restoration and fuel security contingency provisions
46	BSCP 301	BSC Procedure 301 relating to clearing, invoicing and payment
47	BSCP 501	BSC Procedure 501 relating to supplier meter registration service
48	BSCP 502	BSC Procedure 502 relating to half hourly data collection for SVA metering systems registered in SMRS
49	BSCP 503	BSC Procedure 503 relating to half hourly data aggregation for SVA metering systems registered in SMRS
50	BSCP 504	BSC Procedure 504 relating to non-half hourly data collection
51	BSCP 505	BSC Procedure 505 relating to non-half hourly data aggregation
52	BSCP 508	BSC Procedure 508 relating to SVAA supporting services
53	BSCP 509 (53A); Appendix (53B)	53A BSC Procedure relating to changes to market domain data / 53B BSC Procedure 509 appendix 2MDD change request entity validation
54	BSCP 510	BSC Procedure 510 relating to the provision of sampling data to the profile administrator
55	BSCP 513	BSC Procedure 513 relating to bulk change of supplier agent
56	BSCP 515	BSC Procedure 515 relating to licensed distribution
57	BSCP 516	BSC Procedure relating to allocation of profile classes and SSCs for non-half hourly SVA metering systems registered in SMRS
58	BSCP 520	BSC Procedure 520 relating to unmetered supplies registered in SMRS

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Annex	Document/schedule	Title/description
59	BSCP 533	BSC Procedure 533 relating to PARMS data provision, reporting and publication of peer comparison data
60	BSCP 535	BSC Procedure 535 relating to technical assurance
61	BSCP 537	BSC Procedure 537 relating to the qualification process for SVA parties, SVA party agents, asset metering agents and CVA MOAs
62	BSCP 538	BSC Procedure 538 relating to error and failure resolution
63	BSCP 538 diagram	BSC Procedure 538 diagram
64	BSCP 601	BSC Procedure 601 relating to metering protocol approval and compliance testing
65	BSCP 602	BSC Procedure 602 SVA metering system and asset metering system register
66	BSCP 603	BSC Procedure 603 relating to meter operations and data collection for asset metering systems
67	BSCP 605	BSC Procedure 605 relating to an assurance information request
68	BSCP 700	BSC Procedure 700 relating to the unmetered supplies data services
69	BSCP 702	BSC Procedure 702 relating to the advanced data service
70	BSCP 703	BSC Procedure 703 relating to SVAA core services and ISD manager services
71	BSCP 704	BSC Procedure 704 relating to unmetered supplies operations for MHHS metering systems
72	BSCP 705	BSC Procedure 705 licensed distribution for MHHS metering systems
73	BSCP 707 (73A); Appendix (73B)	73A BSC Procedure 707 relating to changes to industry standing data / 73B Appendix ISD change request entity validation
74	BSCP 711	BSC Procedure 711 relating to performance assurance monitoring data provision, reporting and publication of peer comparison data
75	BSC CoP 1	Code of practice for the metering of circuits with a rated capacity exceeding 100 MVA for settlement purposes
76	BSC CoP 2	Code of practice for the metering of circuits with a rated capacity not exceeding 100 MVA for settlement purposes
77	BSC CoP 3	Code of practice for the metering of circuits with a rated capacity not exceeding 10 MVA for settlement purposes
78	BSC CoP 4	Code of practice for the calibration, testing and commissioning requirements of metering equipment for settlement purposes
79	BSC CoP 5	Code of practice for the metering of energy transfers with a maximum demand of up to (and including) 1MW for settlement purposes

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

Annex	Document/schedule	Title/description
80	BSC CoP 6	Code of practice for the metering of energy imports via low voltage circuits fused at 100 amps or less per phase for settlement purposes - issue 4
81	BSC CoP 7	Code of practice for the metering of energy imports via low voltage circuits fused at 100 amps or less per phase for settlement purposes - issue 2
82	BSC CoP 10	Code of practice for the metering of energy via low voltage circuits for settlement purposes
83	BSC CoP 11	Code of practice for the metering of balancing services assets for settlement purposes
84	Load flow model	Load Flow Model Specification for the Calculation of Nodal Transmission Loss Factors
85	PSL 100	Party service line - generis non functional requirements for licensed distribution system operators and party agents
86	Reporting Catalogue	BSC Reporting Catalogue
87	SVA Data Catalogue	SVA Data Catalogue
88	BMRS Data Catalogue	BMRS Data Catalogue
89	Electricity Distribution Standard Licence Conditions	Electricity Distribution Standard Licence Conditions
90	Electricity Generation Standard Consolidated Licence Conditions	Electricity Generation Standard Consolidated Licence Conditions
91	Electricity Supply Standard Consolidated Licence Conditions	Electricity Supply Standard Consolidated Licence Conditions
92	Electricity Transmission Standard Consolidated Licence Conditions	Electricity Transmission Standard Consolidated Licence Conditions
93	ESO - Electricity System Operator Licence	ESO - Electricity System Operator Licence
94	NESO - Gas System Planner Licences	NESO - Gas System Planner Licences
95	SSES Governance Framework	SSES Governance Framework
96	BSCP 65	BSC Procedure 65 relating to registration of parties and exit procedures
97	DSD 004	DSD 004 DIP change and document management
98	DSD 005	DSD 005 DIP funding and budget
99	DIP supplement	DIP Supplement
100	DSD 007	DSD 007 DIP glossary

Annex 3. Privacy policy

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

Information: Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data, then make this clear. Be a specific as possible.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. 'six months after the project is closed')

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data

Consultation Energy code reform – statutory consultation on modifications to the Balancing and Settlement Code and affected licences

- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
    - to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at https://ico.org.uk/ or telephone 0303 123 1113.

7. Your personal data will not be sent overseas (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use "the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this".

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system. (If using a third-party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, view our Ofgem privacy policy.