# Ofgem decision to approve Balancing and Settlement Code (BSC) P520: 'Update the Manifest Errors Process to align with revised MHHS Settlement Timetable' (P520)

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| Decision | The Authority[1] directs that this modification be made[2] |
| Target audience | National Energy System Operator (NESO), Parties to the BSC, the BSC Panel and other interested parties |
| Date of publication: | 10 November 2026 |
| Implementation date: | 25 February 2027 |

## Background

A Manifest Error Claim is the mechanism through which a Party[3] may seek correction of an obvious pricing error in an accepted Balancing Mechanism Bid or Offer. Where a claim is upheld by the BSC Panel, the relevant Bid or Offer price may be amended for Settlement purposes, helping to avoid unfair Settlement outcomes arising from clear pricing errors. Under the current arrangements, BSC Section Q7.4.3(c) requires the BSC Panel, wherever practicable, to consider a Manifest Error Claim[4] in time for any resulting adjustments to be applied in the Initial Settlement Run[5] (SF). According to Elexon "there are only a few manifest errors annually, impacting few stakeholders".[6]

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.
[2] This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.
[3] Generators, Interconnector Users and Virtual Lead Parties may raise Manifest Error Claims. NESO administers the claims process.
[4] Procedural details are set out in BSCP 14: Processing of Manifest Error Claims - Elexon Digital BSC.
[5] The Initial Settlement Run (SF) is the first Settlement calculation for a Settlement Day and is the earliest point at which Settlement charges are determined using available data.
[6] See page 14 of the Final Modification Report (FMR). All documents relating to P520, including the FMR, are available here P520 Update the Manifest Errors process to align with revised MHHS Settlement Timetable - Elexon BSC



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When this requirement was introduced, the Settlement timetable provided sufficient time for claims to progress before SF was completed 15 Working Days after the Settlement Day. Under MHHS, the Settlement timetable will be significantly shortened. This will reduce the time available for Settlement processing and associated governance activities, including any Manifest Error Claims. As part of the revised Settlement timetable, the SF deadline will be reduced to 7 Working Days and the First Reconciliation Run[7] (R1) deadline will be reduced from 39 to 30 Working Days after the Settlement Day. These changes are scheduled to take effect on 2 July 2027 in accordance with Milestone M16 of the MHHS Implementation Plan.[8]

**The modification proposal (the Proposal)**

National Energy System Operator (NESO), which administers the claims process, raised the Proposal on 3 September 2026 because it considers the existing process is incompatible with a new SF deadline of 7 Working Days. NESO's view was that, if the Manifest Errors process could not operate within the future MHHS timetable, this could result in inefficient processing, inaccurate market information and the need for additional corrective activity.

P520 proposes to change the target Settlement Run for Manifest Error adjustments from the SF Run to the R1 Run. Thus, the BSC Panel would, wherever practicable, have to consider claims in time for any adjustments to be made for the R1 Run. Although the R1 Run will also occur earlier under MHHS, the Proposer considers that the new R1 deadline will provide enough time for claims to be properly assessed and determined and would therefore ensure that the Manifest Errors process remains workable after MHHS Milestone 16 is implemented. On that basis, the Proposer believed P520 would better facilitate Applicable BSC Objectives (a), (b) and (d)[9]. The BSC Panel's initial recommendation was that P520 should be approved

[7] The First Reconciliation Run (R1) is the first Settlement recalculation after the Initial Settlement Run (SF), allowing Settlement results to be updated using more complete or corrected information.
[8] For details see MHHS Programme Plan and Complementary Documents including the MHHS Programme Plan on a Page.
[9] These relate, respectively, to the efficient discharge by NESO of its licence obligations; to the efficient, economic and coordinated operation of the GB transmission system; and to the efficient administration of the balancing and settlement arrangements.



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as it would better facilitate Applicable BSC Objectives (a) and (d).[10] Report stage consultation took place from 14-25 September 2026. There were three responses, including from the MHHS Programme, which all supported P520.

### BSC Panel[11] recommendation

Elexon presented the Draft Modification Report to the BSC Panel at its meeting on 8 October 2026. The BSC Panel unanimously recommended the approval and implementation of P520. No further comments were made.[12]

### Our decision

We have considered the issues raised by the Proposal and the Final Modification Report (FMR)[13] dated 12 October 2026. We have considered and taken account of the responses to the industry consultation on the Proposal. We have also reviewed the proposed revisions to the BSC legal text, to BSCP14 and to the forms related to the Manifest Error Claims process. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the BSC Applicable Objectives[14]
- directing that the modification be made is consistent with our principal objective and statutory duties.[15]

[10] The BSC Panel did not agree with the Proposer that P520 would better facilitate the efficient, economic and coordinated operation of the GB transmission system (Applicable BSC Objective (b). For details of the BSC Panel's discussion see page 14 of the Final Modification Report.
[11] The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and Condition E1 of the Electricity System Operator Licence.
[12] As stated on page 17 of the Final Modification Report.
[13] All documents relating to P520, including the FMR, are available here P520 Update the Manifest Errors process to align with revised MHHS Settlement Timetable - Elexon BSC.
[14] As set out in Condition E1 of the Electricity System Operator Licence.
[15] The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.



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**Reasons for our decision**

The FMR states that the existing process "typically takes more than 8 Working Days to complete" due to the governance and approval steps required under the BSC and BSCP14. On that basis, we accept that the current Manifest Errors Claim process is unlikely to be compatible with the new Settlement timetable scheduled to come into force on 2 July 2027, in which SF runs will occur 7 Working Days after the Settlement Day. Although the existing provisions refer to completing a claim "wherever practicable" before the SF Run, we acknowledged that this was intended to provide flexibility in exceptional circumstances rather than to "accommodate a situation where the process itself can no longer routinely operate within the standard Settlement timetable".[16] Targeting the R1 Run should mean that any failure to complete the Manifest Errors Claim process in time is genuinely exceptional.

This Proposal will therefore provide greater certainty for NESO, Elexon and BSC Parties and hence promote efficiency in the administration of both the Manifest Error Claims and Settlement processes. On that basis, we consider that P520 would better facilitate the following Applicable BSC Objectives:

**(a) in relation to the efficient discharge by the licensee of obligations imposed upon it by the licence**

Without this Proposal, we agree that there would be a high risk that Manifest Error Claims after 2 July 2027 could not be assessed and determined in time for any adjustments to be reflected in the SF Run. Retaining SF as the target Settlement Run under the future Settlement timetable would require the Manifest Error process to work to a deadline that is not realistically achievable. Aligning completion of the Manifest Error Claims process to the

[16] See page 5 of the FMR.



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revised, post-M16 deadline for the R1 Run should provide sufficient time for claims to be properly assessed via the existing evidential and governance process and then allow any pricing adjustments to be made. On that basis, we consider that P520 would ensure that the Manifest Error Claims process remains operable, proportionate and aligned with the revised Settlement timetable. It would also support compliance by NESO, Elexon and BSC Parties with the Code and BSCP provisions relating to the Manifest Error Claims process. We therefore conclude that the Proposal would better facilitate Applicable Objective (a).

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

As noted above, by targeting R1, the Proposal aligns the determination process with the revised Settlement timetable and provides a more efficient and predictable administrative process. P520 improves the likelihood that valid Manifest Error Claims can be considered within an appropriate Settlement Run and therefore supports continued effective administration of the Settlement arrangements following MHHS Milestone 16. Consequently, we consider that P520 would better facilitate Applicable BSC Objective (d).

**Decision Notice**

In accordance with Condition E1 of the Electricity System Operator Licence, the Authority hereby directs that modification proposal BSC P520 'Update the Manifest Errors Process to align with revised MHHS Settlement Timetable' be made.

**Jenny Boothe**
**Head of MHHS Team**
Signed on behalf of the Authority and authorised for that purpose



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