
Balancing and Settlement Code (BSC) P474: Governance, funding and operation of the Data Integration Platform (DIP) (P474)

Decision: The Authority¹ directs that this modification be made²

Target audience: National Grid Electricity System Operator (NGESO), Parties to the BSC, the BSC Panel and other interested parties

Date of publication: 11 September 2024

Implementation date: 1 October 2024

Background

The introduction of Market-Wide Half-Hourly Settlement (MHHS) will result in a significant increase in the volume and frequency of data feeding into Settlement. In June 2021, the Architecture Working Group (AWG) recommended that Event Driven Architecture (EDA) be used as the method for communicating data between all services and roles impacted by MHHS.³ In December 2021, Ofgem accepted the AWG’s recommendation and decided that the industry should develop a hybrid architecture comprising the existing Data Transfer Service (DTS) and a new EDA platform.⁴

In April 2022, Ofgem decided that, initially, the Balancing and Settlement Code Company (BSCCo) should govern the EDA through the Balancing and Settlement Code (BSC). We requested that BSCCo develop proposals to modify the BSC to introduce governance, representation and funding mechanisms for the EDA. We also stated that Ofgem would then raise a modification to implement governance arrangements for the EDA - which is now known as the Data Integration Platform (DIP) - using our Significant Code Review (SCR) power.⁵

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 [Architecture Working Group recommendation on reference architecture to support MHHS - Exelon BSC.](#)

⁴ [Decision on the reference architecture of the Market-Wide Half-Hourly Settlement Target Operating Model | Ofgem.](#)

⁵ [Decision on the governance, funding and operation of an Event Driven Architecture for Market-Wide Half-Hourly Settlement | Ofgem.](#)

BSCCo developed proposals through the Issue 101 Group and consultation with wider stakeholders and submitted them to Ofgem in March 2024. After discussions with Ofgem, Elexon submitted a revised proposal on 20 May 2024. After satisfying ourselves that the revised proposal was consistent with our April 2022 decision document and the objectives of the Electricity Settlement Reform SCR, we raised the modification proposal on 6 June 2024. This was an Authority Led SCR modification requiring BSCCo to consult on it and report to Ofgem by 12 August 2024.

The modification proposal

P474 proposes the creation of a new Section of the BSC, which would be known as the DIP Supplement. The DIP Supplement would set out:

- the governance arrangements relating to the DIP;
- the functions, duties and powers of the DIP Manager;
- the establishment, functions, duties and powers of the DIP Change and Advisory Board (DCAB); and
- the obligations and rights of DIP Users.

The DIP Supplement would be subject to the BSC Modification Procedures. The DIP Supplement would refer to and create obligations via seven DIP Subsidiary Documents (DSDs). The DSDs would contain the procedures and detailed arrangements relating to the use of the DIP. These cover governance; connection and operation; assurance and reporting; change and document management; funding and budgets; data management and a glossary of terms. Unlike the DIP Supplement, the DSDs would have a bespoke change management process.

There would also be changes to BSC Section C, D, F, H and X-1 to facilitate the DIP Supplement and DSDs. These changes would be known as 'Code Embedded DIP Rules'. Collectively, the DIP Supplement, Code Embedded DIP Rules and DSDs would be known as the DIP Rules.

Key features of the new arrangements

The arrangements detailed in the DIP Rules include:

- the DIP Manager would make all decisions about the DIP system, other than where the decision sits with the DCAB or Ofgem;
- the DCAB would act as a specialist user group to advise the DIP Manager (and in limited circumstances, the BSC Panel). Additionally, the DCAB would determine whether to implement changes with material impact that do not impact the DIP Supplement, as well as hearing appeals against the DIP Manager's determinations. DCAB meetings would be open to anyone to attend, subject to any requirements for confidentiality. Appeals of DCAB decisions would be made to Ofgem. Ofgem would work with the DIP Manager to put in place procedures in relation to those appeals;
- DIP connection and disconnection processes, including on-boarding, off-boarding and suspension would be administered by the DIP Manager, including communication with Code Bodies and Ofgem where appropriate;
- the DIP Manager would arrange risk-based assurance of all DIP Participants, including themselves and their service provider;
- as noted above, changes to the DIP Supplement would follow the BSC Modification Procedures. However, the BSC Panel would have to consider the analysis and recommendation of the DIP Manager (who will engage with the DCAB depending on the change's materiality) when making their recommendation on whether to approve the Modification. Changes to the DSDs would follow the bespoke DIP Change Request (CR) process, under which any person may seek to raise a DIP CR and the DIP Manager would act as a 'critical friend' to facilitate this and any subsequent representations that the Proposer wishes to make. The DIP Manager would determine whether DIP CRs should in fact be raised. The DIP Manager would also determine change progression routes,

timetables and whether CRs should be implemented (other than where there is a material impact and the decision on implementation sits with the DCAB);

- DIP Core Services (related to sharing of data required by Industry Codes) would be funded by Suppliers only based on MPAN share. A Standing Charge would recover a fixed amount each month. DIP Non-Core Services would be paid for by the beneficiaries at the DIP Manager's discretion. This could include one-off DIP On-Boarding, change or data release costs.
- all DIP Participants would be subject to data protection legislation and Ofgem's Data Best Practice. The DIP Manager would check that provisions are in place as part of its DIP on-boarding and assurance activity but would not be responsible for confirming adherence. The DIP Manager would have an open data model for sharing DIP data.

BSC Panel⁶ recommendation

At the BSC Panel meeting on 8 August 2024, the BSC Panel unanimously agreed that modification P474 would better facilitate Applicable BSC Objectives (c) and (d) and the BSC Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 12 August 2024. We have considered the responses to the industry consultation which are attached to the FMR.⁷ We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the Applicable BSC Objectives;⁸ and

⁶ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and [Standard Special Licence Condition C3 of the Electricity Transmission Licence](#).

⁷ BSC modification proposals, modification reports and representations can be viewed on the [Elexon website](#).

⁸ As set out in [Standard Condition C3\(3\) of the Electricity Transmission Licence](#).

- directing that the modification be made is consistent with our principal objective and statutory duties.⁹

Reasons for our decision

In reaching our decision, we have taken on board all comments and contributions made throughout the Issue 101 Group process and subsequent consultation and BSC Panel discussions on modification P474. We are satisfied that all views were appropriately considered and discussed throughout the P474 modification process. In this regard, we note in particular that during the Authority Led SCR Modification Consultation, Distributors highlighted potential high impacts and costs to meet the DIP Information Security Management Systems (ISMS) requirements. We note that Elexon clarified the ISMS requirements and provided reassurance to the Distributors that the ISMS certification of their DIP Connection Providers will be accepted. We are pleased to note that the Distributors have confirmed that they are satisfied with the position as clarified.

Assessment against applicable BSC objectives

We consider that this modification proposal will better facilitate BSC Applicable Objectives (c) and (d) and will have a neutral impact on the other Applicable Objectives.

(c) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

We note that the BSC Panel agreed that P474 will better facilitate Applicable BSC Objective (c) for the reasons that we set out in the Authority Led SCR Modification Proposal Form. Thus, the modification will enable the operation of the DIP, which is a central component of delivering MHHS. Successfully implementing MHHS will benefit competition by developing a more effective and flexible energy market, and will encourage market entry. MHHS will facilitate the

⁹ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed (most pertinently for present purposes) in section 3A of the Electricity Act 1989.

development of innovative business models, products and services that consumers can engage with in the future. This will, in turn, facilitate a cost-effective transition to Net Zero.

In the Modification Proposal Form we also noted that the Competition and Markets Authority, in its 2016 Energy Market Review findings, found that the absence of a firm plan for moving to Half Hourly Settlement was having an adverse effect on competition and was reducing the efficiency, and therefore the competitiveness, of domestic retail electricity supply. Ofgem's view remains that implementing MHHS effectively remedies this adverse effect on competition.

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

We note that the BSC Panel agreed that P474 will better facilitate Applicable BSC Objective (d), also for the reason that Ofgem set out in the Authority Led SCR Modification Proposal Form. Thus, the DIP will support MHHS Implementation, which in turn will result in a faster and more efficient Settlement system and processes (as was set out in Ofgem's MHHS Decision Document¹⁰).

Further remarks

We note that the MHHS Programme Code workstream and Elexon have carried out a traceability exercise that identified five requirements that were not included in P474. The requirements that are missing from the DIP Rules are not new requirements; they are existing requirements in the MHHS Design. These requirements must be included in the DIP Rules before MHHS Milestone M10. Accordingly, we expect that after P474 has been implemented, the DIP CR process will be used to propose an amendment to the DIP Rules with a view to including the missing requirements and ensuring that they are implemented prior to M10.

¹⁰ [Electricity Retail Market-wide Half-hourly Settlement: Decision and Full Business Case | Ofgem.](#)

Decision notice

In accordance with Standard Condition C3 of the Transmission Licence, the Authority hereby directs that modification proposal BSC P474 'Governance, funding and operation of the Data Integration Platform (DIP)' be made.



Melissa Giordano, Deputy Director Retail

Signed on behalf of the Authority and authorised for that purpose