

Sara Vaughan
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Date: 6 June 2024

BY EMAIL TO:

PanelSecretary@elexon.co.uk
and bsc.change@elexon.co.uk

Dear Sara,

**Electricity Settlement Reform Significant Code Review: Authority Led SCR
Modification Proposal relating to the governance of the Data Integration Platform**

In December 2021, Ofgem decided that the industry should develop a new Event Driven Architecture (EDA) platform to help meet the requirements of the Target Operating Model for Market-Wide Half-Hourly Settlement (MHHS).¹ In April 2022, after consultation, Ofgem decided that, initially, the Balancing and Settlement Code Company (BSCCo) should govern the EDA through the Balancing and Settlement Code (BSC).²

The April 2022 document noted that the BSC would require detailed modification to introduce bespoke ongoing governance, representation and funding mechanisms for the EDA and requested that BSCCo develop proposals in a timely manner to ensure that all parties have certainty about the governance arrangements. Finally, in that document we set out our expectation that Ofgem would 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. 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 reviewing the revised proposal, we are satisfied that it is consistent with our April 2022 decision document and the objectives of the Electricity Settlement Reform SCR.

¹ [Decision on the reference architecture for the MHHS Target Operating Model](#), Ofgem, December 2021.

² [Decision on the governance, funding and operation of an Event Driven Architecture for Market-Wide Half-Hourly Settlement](#), Ofgem, April 2022.

Consequently, the Authority is now raising this BSC modification proposal to introduce governance arrangements for the DIP. Pursuant to and in accordance with Section F5.3A.1 of the BSC, and pursuant to the Electricity Settlement Reform SCR, the Authority hereby submits to the BSC Panel the enclosed Authority Led SCR Modification Proposal. Please ensure that it is published on the BSC website.

Next steps

Paragraph F5.3A.2 of the BSC states that, in response to an Authority Led SCR Modification Proposal, the BSC Panel shall prepare an Authority Led SCR Modification Report.³ Under the terms of that paragraph, that Report shall include, inter alia, “(d) a timetable for implementation of the Authority Led SCR Modification, including the date with effect from which such modification could take effect.” Under the terms of paragraph F5.3A.6 of the Code, the timetable for completion of the procedural steps for an Authority Led SCR Modification shall be set by the Authority in its sole discretion.

We have discussed with colleagues in Elexon how best to coordinate the BSC Panel’s procedures to allow consideration of this Authority Led SCR Modification Proposal on a timescale consistent with the MHHS Implementation Timetable. Accordingly, the Authority hereby sets the following timetable for completion by the BSC Panel of the procedural steps for this Authority Led SCR Modification:

BSC provision	Procedural step	Deadline
F5.3A.2	Preparation of Authority Led SCR Modification Report by BSC Panel (for industry consultation)	17 June 2024
F5.3A.3	Submission of Authority Led SCR Modification Report by the BSC Panel to the Authority (following consultation)	12 August 2024

Paragraph F5.3A.5 of the BSC states that the timetable referred to in paragraph F5.3A.2(d) for implementation of any modification shall be set by the Authority. We will aim to make a decision on this Authority Led SCR Modification as soon as possible. If the Authority approves it, we will seek implementation by a date consistent with the start of the intended transfer of DIP-related responsibilities from MHHS Programme to the DIP Manager on 1 October 2024, and with any other requirements of the MHHS Implementation Timetable.

³ As defined by the BSC.

Guideline on Electricity Balancing (EBGL)⁴

In accordance with paragraphs F5.3A and F2.1.2 of the BSC, in raising this Authority Led SCR Modification Proposal, we have considered whether the modification proposal would have an impact on the EBGL. Annex F2 of the BSC identifies those sections of the BSC which constitute the EBGL Article 18 terms and conditions. Section H3 of the BSC is one of those sections. The DIP modification proposal affects section H3 insofar as it relates to the arrangements surrounding Party Default. Accordingly, and in line with EBGL requirements, Elexon will conduct a 28-day consultation to seek views on the impact of the proposal on the EBGL. The deadline we have directed Elexon to meet for submitting the FMR to Ofgem takes account of the need to consult on this matter.

Decision stage

Our decision on this Authority Led SCR Modification Proposal, should we decide to approve it, will help to establish the governance arrangements for the DIP. Our desired target for a decision is 17 September 2024, although we will endeavour to issue a decision as soon as possible following our receipt of the Authority Led SCR Modification Report on 12 August.

The Electricity Settlement Reform SCR is an Authority-led end-to-end SCR and the MHHS programme will require further, detailed modifications to the BSC (and to other codes) later this year to bring into effect the new MHHS arrangements. We intend to make those code modifications under this SCR. Having done so, the SCR will remain open until we have made our final decision in relation to the final code modification, and we will confirm when we consider that to have happened.

Finally, we would like to extend our thanks to Elexon for their support both in developing the DIP governance proposals and in taking forward this Authority Led SCR Modification along the timelines required by the MHHS programme.



Melissa Giordano

Deputy Director, Retail Systems and Processes

Signed on behalf of the Authority and authorised for that purpose

6 June 2024

⁴ Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing as retained in domestic law following the UK's withdrawal from the European Union.