

# P461 ‘Accurate Reporting of Customers Delivered Volumes to Suppliers’

The details reported to Suppliers when a customer delivers a Bid Offer Acceptance (BOA) through a Virtual Lead Party (VLP) do not reflect any adjustments made to that data in Settlement. This Modification proposes to address this issue by amending the values reported to Suppliers.



The BSC Panel recommends **rejection** of the P461 Proposed Modification



The BSC Panel **does** believe P461 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC but believe these impacts to be neutral.

This Modification is expected to have an impact on:

- Suppliers



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## Not sure where to start?

We suggest reading the following sections:

- Have 5 minutes?  
Read section 1
- Have 15 minutes?  
Read sections 1, 7 and 8
- Have 30 minutes?  
Read all except section 6
- Have longer? Read all sections and the annexes and attachments.
- *You can find the definitions of the terms and acronyms used in this document in the [BSC Glossary](#)<sup>1</sup>*

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## About This Document

This is the P461 Revised Final Modification Report, which Elexon has submitted to the Authority on behalf of the BSC Panel following Ofgem's decision issue a Send Back direction. It includes the Panel's full views and the responses to the Panel's Send Back Consultation. The Authority will consider this report and will decide whether to approve or reject P461, or whether to issue an additional Send Back direction.

There are five parts to this document:

- This is the main document. It provides details of the progression history, Send Back Direction, the BSC Panel's comments on the Draft Send Back Process and responses to the Send Back Consultation
- Attachment A contains the original redlined changes to the BSC for P461
- Attachment B contains the Send Back Direction issued by Ofgem and the Send Back Process detailing how this should be addressed.
- Attachment C contains the responses to the Send Back Consultation.
- Attachment D contains a report on interactions between relevant Modifications

P461

Revised Final Modification Report

18 July 2024

Version 1.0

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## What's changed since the first Modification Report?

The first P461 Final Modification Report was sent to Ofgem for a decision on 25 January 2024. On 8 May 2024, Ofgem issued a Send Back Direction, requesting that Elexon take further steps to facilitate a fully informed decision. In accordance with BSC Section F 2.7B 'Amendments Required by the Authority (EBGL)', Ofgem has requested that P461 be resubmitted for a decision before 8 July 2024.

Elexon consulted market participants to understand the negative impacts of the current status quo on customers, Suppliers, and the industry; the proposed benefits of P461; its alignment with the Applicable BSC Objectives; and its relationship with other ongoing code changes.

The consultation is included as Attachment C and discussed in [section 13](#) of this paper.

The Sections of this Draft Modification Report that have changed since P461 was first submitted to Ofgem in January 2024 are:

- [Section 3 – Additional Context](#);
- [Section 6 – Progression History](#);
- [Section 8 – Implementation](#);
- [Section 10 – Send Back Direction](#);
- [Section 11 - Draft Send Back Process](#);
- [Section 12 - Panel's Discussions on the Send Back Process](#);
- [Section 13 - Send Back Consultation Responses](#);
- [Section 14 - Response to Send Back Direction](#); and
- [Section 15 - Recommendations](#).

## Send Back Direction

In its Send Back Direction, Ofgem requested:

**Additional information on the justification for this code modification, including how customers, suppliers and other relevant industry parties are negatively impacted by the current process**

To address this request, Elexon issued a Send Back Consultation, which ran from 13 May 2024 to 24 May 2024, to better understand the impacts. Further detail can be found in [section 14](#) of this paper.

**Clear evidence on the impact and benefits of the proposed solution on customers, suppliers and other relevant industry parties, including an assessment of any differences in the impact on both domestic and non-domestic customers**

To answer this request, Elexon included a question within the consultation, asking whether P461 was necessary to facilitate accurate billing of domestic and/or commercial customers.

## Additional evidence of how the implementation of this modification would positively and/or negatively impact the applicable BSC Objectives

As this Modification currently affects only a small number of Suppliers, Elexon considered the potential impacts of leaving the omission of data in P0287 unaddressed. Further detail can be found in [section 14](#) of this document.

**Explanation of the interactions with other relevant inflight code modifications, including [P444 'Compensation for Virtual Lead Party actions in the Balancing Mechanism'](#)<sup>1</sup>, as referenced in the FMR, and impacts on the use cases for P461;**

A detailed response to this point is given in Attachment D.

**In order to resolve the misalignment of legal texts between P415 and P461, suggest that work be done to re-baseline the legal text in this send back process.**

As the Send Back process must be completed within two months, Panel originally agreed that this alignment work should be carried out as a separate Modification. This approach has now changed and is explored in detail in [section 14](#).

## Summary of P461 issue

When a customer delivers a BOA through a VLP, and provided the customer consents to the disclosure, their Supplier will receive details of the 'Delivered Volume' i.e. the change in the customer's Import and/or Export arising from delivery of the BOA. Currently the details reported to the Supplier are the 'raw' Delivered Volumes reported to the Supplier Volume Allocation Agent (SVAA) by the VLP, and do not reflect any adjustments made to that data in Settlement. This defeats the intended purpose of the reporting by making it impossible for Suppliers to understand the contribution made by each customer to their overall Imbalance charge.

## Solution

The P461 solution is that values reported to Suppliers on the P0287 'Secondary Half Hourly Delivered Volumes' data flow should incorporate any adjustments made by the Settlement Administration Agent (SAA). This will allow Suppliers to accurately attribute to individual customers any Imbalance adjustments that arise from those customers participating in the Balancing Mechanism through a VLP. This will ensure that Suppliers have the data required to accurately bill customers (in accordance with the terms of their contracts), and minimise cross-subsidies from customers who use a VLP to those who don't (or vice versa).

## Impacts & Costs

This Modification will require changes to the SAA system and the Data and Calculations Platform (DCP). DCP is one of the IT systems used by the SVAA to implement the calculations described in [Annex S-2 'Supplier Allocation Rules'](#)<sup>2</sup> of the BSC. P461 requires a change to [Section T4 'Settlement and Trading Charges'](#)<sup>3</sup> of the BSC, which forms part of the EBGL Terms and Conditions listed in [Section F 'Modification Procedures' Annex F-2](#)<sup>4</sup> of



### What are Deviation Volumes?

Deviation Volumes are a new type of Settlement volume introduced for P415 and represent the difference between what is forecast to be consumed / generated and what was actually consumed / generated (where the difference can be attributed to a VLP action taken at that site.) Deviation Volumes represent an import/export MWh deviation to the Total System as a result of said action by a VLP.

<sup>1</sup> <https://www.elexon.co.uk/mod-proposal/p444/>

<sup>2</sup> <https://bscdocs.elexon.co.uk/simple-guides/section-s-annex-s-2-supplier-allocation-rules>

<sup>3</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-t-settlement-and-trading-charges>

<sup>4</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures#annex-f-2>

the BSC. This impact was consulted on as part of the Report Phase Consultation, with a concurrent EBGL consultation on the P461 that ran for one calendar month.

Cost Estimates			
Organisation	Implementation (£)	On-going (£)	Impacts
Elexon	<260k	0	Cost for system updates and document only change
NGESO	0	0	None anticipated
Industry	0	0	None anticipated. Suppliers will receive the P0287 file later than they currently receive it but this is not expected to cause any issue.
<b>Total</b>	<260k	0	

Recommendation

The Panel agree that P461 should be **rejected**.

### Why Change?

When a customer delivers a Bid Offer Acceptance (BOA) through a Virtual Lead Party, and provided the customer has consented to the disclosure, the BSC requires the Supplier Volume Allocation Agent (SVAA) to send that Supplier details of the volume delivered by that customer. This information is delivered via the P0287 data flow. These Delivered Volumes represent positive or negative volumes of energy delivered by the customer, which will be applied as Imbalance Adjustments to the Supplier's Energy Imbalance Volume:

- A positive Delivered Volume represents an Offer (delivered by the customer through increasing generation or reducing demand), which will be removed from the Supplier's Imbalance Volume (to avoid them receiving the Imbalance price for that volume); and
- A negative Delivered Volume represents a Bid (delivered by the customer through reducing generation or increasing demand), which will be removed from the Supplier's Imbalance Volume (to avoid them having to pay the Imbalance payment for that volume).

The originally intended purpose of the P0287 data flow was to allow Suppliers to understand (subject to customers consenting to the disclosure) which customers had caused adjustments to be made to their Imbalance Volumes. The uses to which Suppliers put this information would vary depending on the nature of their contracts with customers, but could include (for example):

1. Allowing the Supplier to charge a reduced price for demand Imported by a customer to deliver a Bid ('demand turn-up') to reflect the fact that the Supplier would receive the energy as an Imbalance adjustment
2. Allowing the Supplier to pay a reduced price for generation Exported by a customer to deliver an Offer to reflect the fact that the Supplier would have the energy removed from their account as an Imbalance adjustment
3. To disregard BOA volumes when passing through their overall Imbalance Charges to individual customers, to reflect the fact that BOA volumes do not give rise to Imbalance Charges

From November 2024, the volumes reported to Suppliers on the P0287 will (subject to customer consent as before) also include volumes delivered by customers into the wholesale markets through Virtual Trading Parties (VTPs), under BSC Modification P415. Note however that these volumes (unlike BOA volumes) will be subject to compensation under the P415 arrangements:

- For positive Delivered Volumes (increased generation or reduced demand), the Supplier will receive a payment for the energy removed from their Energy Account
- For negative Delivered Volumes (reduced generation or increased demand), the Supplier will make a payment for the energy added to their Energy Account

## Background

BSC Modification [P344 \('Wider Access and Project Terre'<sup>5</sup>](#) introduced arrangements for customers and generators to participate in the Balancing Mechanism (BM) through an independent aggregator (a 'Virtual Lead Party' or VLP) independently of their electricity Supplier. When they do this, the Supplier's Imbalance Volume is adjusted to remove the effect of any BOAs:

If a customer reduces their consumption (or increases their generation) of electricity, the Supplier would normally be paid for the additional energy volume through their Energy Imbalance Charge. But when this change in behaviour arises from delivering an Offer through a VLP, the Settlement process removes this volume from the Supplier's Energy Account, so that they do not receive this additional payment.

Conversely, if a customer increases their consumption (or decreases their generation) of electricity, the Supplier would normally pay for the additional energy volume through their Energy Imbalance Charge. But when this change in behaviour arises from delivering a Bid through a VLP, the Settlement process adds this volume to the Supplier's Energy Account, so that they are not required to make this additional payment.

The purpose of these adjustments is to ensure a level playing field between BOAs delivered through a VLP's Secondary BM Unit, and BOAs delivered through a Primary BM Unit (which do not give rise to Imbalance Charges).

In order to correctly bill their customers, Suppliers will generally want to know the Delivered Volume that each of their customers has provided through a VLP. The exact use to which each Supplier puts this information may vary depending on the terms of their contract with the customer, but typical use cases would include:

Adjusting payments from (or to) the customer for the energy they use (or generate). For example, if a customer increases their consumption to deliver a Bid, the Supplier is credited with this energy volume through an adjustment to their Energy Account, and therefore does not need to charge the customer for the energy. Note that Modification Proposal P444 ('Compensation for Virtual Lead Party actions in the Balancing Mechanism'<sup>6</sup>), if approved, may affect this use case by introducing new payments from and to Suppliers for volumes delivered by their customers; and

Passing on other costs or charges to customers. For example, some Power Purchase Agreements (PPAs) may require generators to forecast their output, with any deviations from the forecast being settled at the Imbalance Price. The Supplier will need to take any Delivered Volumes into account to avoid unfairly penalising the generator for delivering Bid Offer Acceptances.

In order to facilitate these processes, BSC Modification P344 introduced a requirement (in paragraphs 7.1.7 and 7.2.7 of BSC Annex S-2) for the Supplier Volume Allocation Agent (SVAA) to provide these Delivered Volumes to Suppliers, subject to the VLP having indicated that the customer consents to the disclosure. This information is sent to Suppliers on the 'Metering System Half Hourly Volume Adjustments' (P0287) data flow, following each Volume Allocation Run. Where the customer has not consented to SVAA disclosing this data, the Supplier may have to obtain Delivered Volume data elsewhere e.g. directly from the customer.

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<sup>5</sup> <https://www.elexon.co.uk/mod-proposal/p344/>

## What is the issue?

The issue Modification P461 seeks to address is that the volumes reported to Suppliers on the P0287 data flow may not accurately reflect the adjustments made to Suppliers' Energy Accounts in relation to BOAs. This is because the P0287 data represents the volumes reported to Settlement by the VLP. If these do not accurately reflect the BOA volumes calculated in Settlement, the Settlement process will correct them. P461 seeks to ensure that the volumes reported to Suppliers take account of any such corrections (and therefore accurately reflect the adjustments made to Suppliers' Imbalance positions).

The Delivered Volumes reported to the Supplier (in accordance with paragraphs 7.1.7 and 7.2.7 of BSC Annex S-2) are frequently inconsistent with the adjustments made to the Supplier's Imbalance Volume in Settlement. This is a consequence of the data pipeline used to submit Delivered Volume data into Settlement:

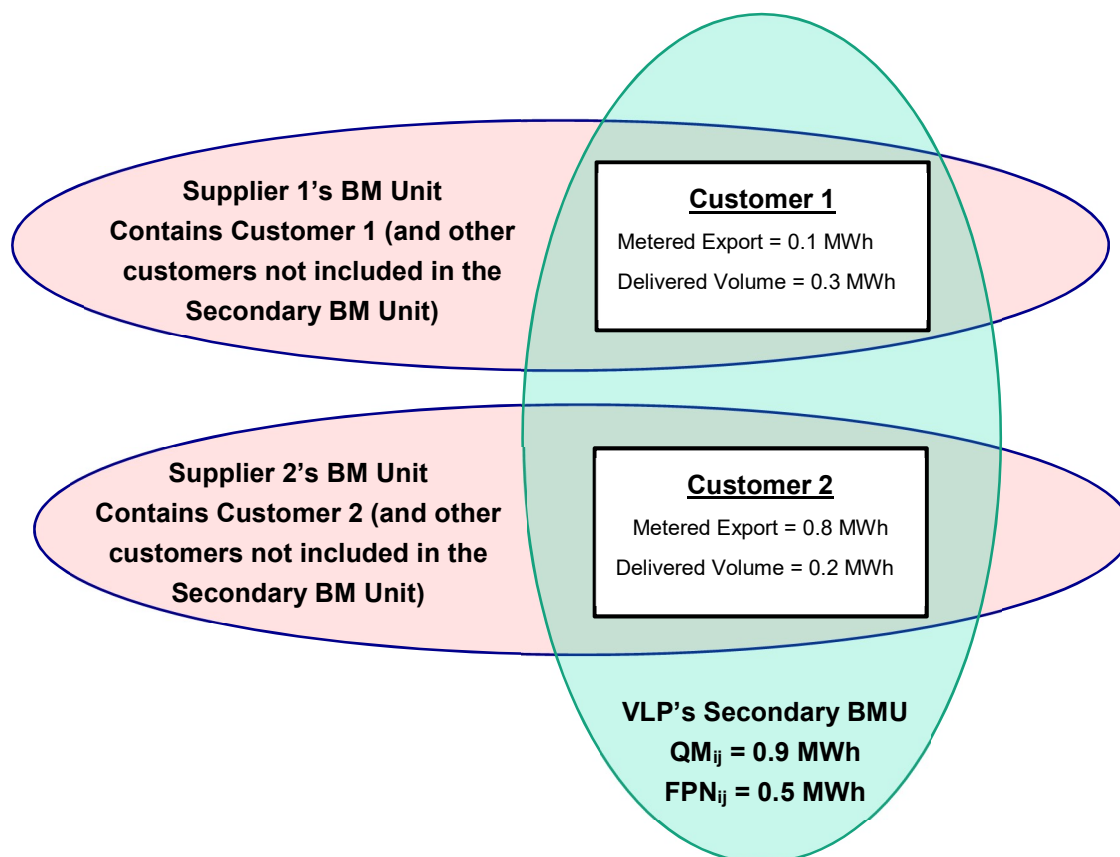
1. The VLP reports Delivered Volumes to the SVAA (based on their own assessment of how much energy was delivered through each MSID Pair);
2. SVAA allocates the Delivered Volume between the Import and Export Metering Systems, and reports them to the Settlement Administration Agent (SAA) and (subject to customer consent) the relevant Suppliers. At this stage the Delivered Volumes are still those self-reported by the VLP, and have not been independently verified;
3. The SAA compares the total Delivered Volumes for each Secondary BM Unit to the Period Secondary BM Unit Delivered Volume (QSDij) calculated in Settlement. Where there is a difference, the Delivered Volume for each Supplier with customers in that Secondary BM Unit will be scaled up or down, so that the total matches the calculated value of QSDij. As a result, the values of Period Secondary BM Unit Supplier Delivered Volume (QSDiji2) calculated for each Supplier BM Unit 'i' and Secondary BM Unit 'i2' may not be consistent with the data on the P0287 data flow.
4. The QSDiji2 values are aggregated to produce the Period Supplier BM Unit Delivered Volume (QBSDij) for each Supplier BM Unit. This value (which is reported to Suppliers on the SAA-I014 Settlement Report) may therefore be inconsistent with the MSID-level data on the P0287 data flow.

For example, consider a Secondary BM Unit containing two customers, each with a different electricity Supplier (as illustrated in Figure 1 overleaf).



In Figure 1, the blue oval represents the Secondary BM Unit, and the green ovals represent the Supplier BM Units. The Secondary BM Unit was instructed to deliver an Offer Volume of 0.5 MWh, and the VLP has indicated that Customer 1 delivered 0.3 MWh of this, and Customer 2 delivered 0.2 MWh. However, the data available to SAA shows that the Secondary BM Unit only delivered 0.4 MWh, as the BM Unit Metered Volume (QM<sub>ij</sub>) was 0.4 MWh greater than the Final Physical Notification (FPN<sub>ij</sub>):

**Figure 1 – Example of an Offer delivered by a Secondary BM Unit containing customers from two Supplier BM Units**



In this example, the Settlement process will be as follows:

1. SVAA will (subject to customer consent) report to the Suppliers that customers 1 and 2 delivered 0.3 and 0.2 MWh respectively.
2. Similarly, SVAA will report to SAA that Suppliers 1 and 2 delivered 0.3 and 0.2 MWh respectively.
3. SAA will calculate the Expected Metered Volume (QME<sub>ij</sub>) that the Secondary BM Unit was expected to deliver as 1.0 MWh (i.e. 0.5 MWh FPN plus 0.5 MWh Offer Volume). But the Metered Volume (QM<sub>ij</sub>) was only 0.9 MWh, implying that the Secondary BM Unit only delivered 0.4 MWh of the intended 0.5 MWh. This could have been because one or both of the customers didn't deliver the expected response, or because the VLP's submitted FPN did not accurately estimate what the customers would have done (in the absence of a BOA).

5. As SAA does not know the reason for the VLP's failure to deliver the full Offer volume, it cannot attribute the shortfall to the customer(s) responsible. Instead, in accordance with BSC Section T4.3B, it will scale down the Imbalance Adjustments for each Supplier so that, in total, they match the 0.4 MWh delivered by the BM Unit. In effect the shortfall in the Delivered Volume is shared out pro rata between the Suppliers:

		Delivered Volume QSD <sub>ij</sub> <sub>2</sub> after adjustment by SAA
Customer 1	0.3 MWh	0.24 MWh
Customer 2	0.2 MWh	0.16 MWh
Total	0.5 MWh	0.4 MWh

As a result, the Suppliers will not be able to reconcile the data reported on the P0287 with the adjustments to their Imbalance Volume reported to them by the SAA. For example, Supplier 1 would find that the volume reported on the P0287 was 0.3 MWh, while that reported to them on their Settlement Report was 0.24 MWh. This means they will be unable to accurately adjust customers' bills to reflect actions taken in the Balancing Mechanism, or pass through Imbalance Charges to the customers causing them.

### Desired outcomes

The desired outcome is that (subject to customer consent) Suppliers are provided with the information required to accurately allocate values of Period Supplier BM Unit Delivered Volume (QBSD<sub>ij</sub>) calculated by SAA to the individual Metering Systems causing them.

The P461 solution is that values reported to Suppliers on the P0287 data flow should incorporate any adjustments made by the SAA. In the example described above, SVAA would report adjusted values (0.24 and 0.16 MWh) to the Suppliers, rather than unadjusted values (0.3 and 0.2 MWh). The changes to the BSC Legal Text required to achieve this are as follows:

1. Include a new requirement in BSC Section T4.3B for SAA to calculate explicitly the 'adjustment factor' applied to each Secondary BM Unit in each Settlement Period. This data item – the Period Secondary BM Unit Adjustment Factor (SBMUAFi2j) – should be calculated as:

$$SBMUAFi2j = QSDi2j / \sum_i VBMUSDViji2$$

where  $\sum_i$  represents the summation over all Supplier BM Units 'i'.

2. In the example described above, the value of SBMUAFi2j for the VLP's Secondary BM Unit would be  $0.4 / 0.5 = 0.8$ . This indicates that all of the VBMUSDViji2 values submitted to SAA for that Secondary BM Unit 'i2' were adjusted by a factor of 0.8, in order to match the overall volume delivered by the BM Unit;
3. Include a new requirement in BSC Section T for SAA to report to SVAA the values of SBMUAFi2j for each Secondary BM Unit 'i2' and Settlement Period 'j'; and
4. Amend paragraphs 7.1.7 and 7.2.7 of BSC Annex S-2 to state that values of Secondary Half Hourly Delivered (Non Losses) (VDi2NKji) and Secondary Half Hourly Delivered (Losses) (VDLOSSi2NKji) reported to Suppliers should first be multiplied by the value of SBMUAFi2j (for Secondary BM Unit 'i2' and Settlement Period 'j').

## Benefits

This change will enable suppliers to accurately allocate imbalance adjustments to individual customers participating in the Balancing Mechanism through a VLP. This ensures suppliers have the necessary data to bill customers correctly according to their contracts and minimises cross-subsidies between customers who use a VLP and those who don't (or vice versa).

## Applicable BSC Objectives

**BSC Objective (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:**

This change is expected to enhance competition in the electricity market, by giving Suppliers more accurate information customer actions through VLPs. This will enable Suppliers to charge customers in a cost-reflective manner consistent contractual terms.

The current P0287 data flow omits information needed by Suppliers who use disaggregated data for accurate billing. Strategies to circumvent this missing data are costly and, the Proposer argues, is anti-competitive. It is important to note that the missing data stems from a gap in the [P344 'Wider Access & Project TERRE'](#)<sup>6</sup> solution.

<sup>6</sup> <https://www.elexon.co.uk/mod-proposal/p344/>

### Estimated implementation costs of P461

High: >£1 million

Medium: £100-1000k

Low: <£100k

Implementation cost estimates			
Organisation	Item	Implementation (£)	Comment
Elexon	Systems	<260k	Cost to update DCP and SAA systems
	Documents	<1k	
	Other		
NGESO	Systems	0	
	Other	0	
Industry	Systems & processes	0	No costs were identified via the Report Phase Consultation
<b>Total</b>		<b>&lt;260k</b>	

This Modification will require changes to the SAA system and the Data and Calculations Platform (DCP). DCP is one of the IT systems used by the SVAA to implement the calculations described in Annex S-2 of the BSC:

1. Amend the SAA system to calculate and store values of Period Secondary BM Unit Adjustment Factor (SBMUAFi2j). This new calculation would be carried out by the part of the SAA system that calculates Period Delivered Volumes for Supplier BM Units;
2. Introduce a new interface for the SAA system to send values of SBMUAFi2j to the DCP, and for DCP to validate and load them;
3. Amend the DCP system to include a process that calculates adjusted values of the MSID-level Delivered Volumes and associated losses (by multiplying the unadjusted values VDi2NKji and VDLOSSi2NKji by the adjustment factor SBMUAFi2j); and
4. Amending the DCP system to report the adjusted values (rather than the unadjusted values) on the P0287 data flow sent to Suppliers. Note that this change will require production of the P0287 data flow to be delayed until after the SAA has completed the Settlement Run, and reported SBMUAFi2j values to DCP.

On-going cost estimates		
Organisation	Implementation (£)	Comment
Elxon	-	No ongoing costs anticipated
NGESO	-	No ongoing costs anticipated
Industry	L	No ongoing costs were identified via the Report Phase Consultation
<b>Total</b>	L	

## P461 impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated cost
Suppliers	This Modification will positively impact Suppliers by providing them with more accurate data in the 'Metering System Half Hourly Volume Adjustments' (P0287) data flow. There will be no change to the format of the P0287 data flow, but Suppliers will receive it later than they currently receive it (because DCP will now not be able to produce the report until after SAA has performed the Settlement Run to calculate SBMUAFi2j values).	L

Impact on the NETSO	
Impact	Estimated cost
No impacts anticipated	N/A

Impact on BSCCo		
Area of Elxon	Impact	Estimated cost
Elxon	No impacts to any BAU activities outside of the system updates required to implement the change have been identified.	N/A

Impact on BSC Settlement Risks	
No impacts on Settlement Risks were identified via the Report Phase Consultation.	

Impact on BSC Systems and process	
BSC System/Process	Impact
SAA	System updates required as detailed above

Impact on BSC Systems and process	
BSC System/Process	Impact
DCP	System updates required as detailed above

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Impact
None	N/A

Impact on Code	
Code Section	Impact
Section S, Annex S-2	Amended 7.1.7 and 7.2.7 to show that Secondary Half Hourly Delivered (Non Losses) and Secondary Half Hourly Delivered (Losses) should be adjusted by the Secondary BM Unit Adjustment Factor before being reported
Section T	Added 4.3B.6 to calculate the Secondary BM Unit Adjustment Factor and then send it to SVAA
Section X-2	Added the new Secondary BM Unit Adjustment Factor into the glossary

Impact on MHHS
No impacts on MHHS are expected.

Impact on EBGL Article 18 terms and conditions
As described in the solution section above, this Modification requires a change to Section T4 of the BSC, which forms part of the EBGL Terms and Conditions listed in Section F Annex F-2 of the BSC. As a result of this a 1 month consultation period was undertaken. However, the Panel do not believe this proposal has a direct or material impact on the EBGL provisions and is therefore neutral and consistent against the EBGL objectives.

Impact on Code Subsidiary Documents	
CSD	Impact
SVA Data catalogue Vol 1: Data Interfaces	Reference new data flow
SVA Data catalogue Vol 2: Data Interfaces	Reference new data flow
Interface Definition Documents Part 1 (spreadsheet only)	Reference new items

Impact on Code Subsidiary Documents	
CSD	Impact
Interface Definition Documents Part 2 (document and spreadsheet)	Reference new data flow
SVAA Service descriptions	Reference new process
SVAA User Requirement Specifications	Reference new process
SAA Service descriptions	Reference new process
SAA User Requirement Specifications	Reference new process

Impact on other Configurable Items	
Configurable Item	Impact
None	N/A

Impact on Core Industry Documents and other documents	
Document	Impact
Ancillary Services Agreements	This Modification is not anticipated to impact any other industry codes.
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Grid Code	
Retail Energy Code	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects

Ofgem have advised that BSC Modification P461 falls outside of the MWHHS SCR and can be considered SCR exempt.

Impact of the Modification on the environment and consumer benefit areas:

Consumer benefit area	Identified impact
1) Improved safety and reliability None identified	Neutral
2) Lower bills than would otherwise be the case None identified	Neutral
3) Reduced environmental damage None identified	Neutral
4) Improved quality of service The Modification will allow accurate billing to customers which the status quo does not provide.	<b>Positive</b>
5) Benefits for society as a whole None identified	Neutral





### What is the Electricity Balancing Guideline?

EBGL Article 18 terms and conditions means the Sections or parts of the Code constituting terms and conditions approved by the Authority as the terms and conditions related to balancing pursuant to Article 18 of the EBGL, as amended or supplemented from time to time (including the rules for suspension and restoration of market activities pursuant to Article 36 of the NCER and the rules for settlement in case of market suspension pursuant to Article 39 of the NCER, approved by the Authority pursuant to Article 4 of the NCER). The Sections or parts of the Code constituting these terms and conditions are identified for convenience in [Section F Annex F-2](#) as amended from time to time

The Initial Written Assessment was presented to the [BSC Panel 343/03](#)<sup>7</sup> on 12 October 2023. The Panel was cautious about moving straight to the Report Phase without Workgroup assessment, noting that P461's limited impacts might not attract a quorate Workgroup. Consequently, the Panel issued a Request for Information (RFI) to verify Elexon and the Proposer's concern that a delay in the P0287 report could cause billing delays and costs for some Suppliers. The RFI aimed to gather input from potentially affected parties, guiding the Panel on whether P461 should proceed to the Report Phase or require a Workgroup.

The RFI was open for seven Working Days and distributed via the usual BSC Change channels. Elexon received two responses, both indicating that P461 would not cause any material adverse impact. These responses were presented to the [BSC Panel 344/04](#)<sup>8</sup> on 9 November 2023 and P461 advanced directly to the Report Phase without a Workgroup.

In accordance with Electricity Balancing Guideline (EBGL) Terms and Conditions in [Section F 'Modification Procedures' Annex F-2](#)<sup>9</sup>, the Report Phase Consultation lasted one month, closing on 18 December 2024, with no responses received. Elexon disseminated the consultation via the usual distribution lists and weekly reminders in their newsletter and direct emails. The first Draft Modification Report was presented to the [BSC Panel 346/03](#)<sup>10</sup> on 11 January 2024, which recommended P461 for approval, stating it better facilitated Applicable BSC Objective (c) as detailed by the Proposer.

The Proposer believes that P461 will enhance competition in the electricity market by providing Suppliers with more accurate information on customer actions through VLPs, enabling cost-reflective and consistent charging according to contractual terms.

To meet Ofgem's Send Back request for more detail and justification that P461 is better than the current baseline against Objective (c), Elexon issued a Send Back Consultation via email to the usual distribution lists, with weekly reminders through the industry newsletter and email.

<sup>7</sup> <https://www.elexon.co.uk/meeting/bsc-panel-343/>

<sup>8</sup> <https://www.elexon.co.uk/meeting/bsc-panel-344/>

<sup>9</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures#annex-f-2>

<sup>10</sup> <https://www.elexon.co.uk/meeting/bsc-panel-346/>

## 7 Request for Information

The BSC Panel considered the P461 IWA at their October 2023 meeting ([343/03](#)<sup>11</sup>) and were invited by the P461 Proposer to agree that it should be submitted directly to the Report Phase (i.e requiring no Workgroup assessment).

The Panel noted that Elexon had highlighted that this change would require production of the P0287 data flow to be delayed, resulting in a potential impact on Suppliers who could use this information to help bill customers.

The BSC Panel wished to receive further information related to the P461 impacts ahead of coming to any determination, and deferred its decision by 1 month so that Elexon could assess the following via an RFI.

Elexon issued the RFI to its BSC Change distribution list (also highlighting the consultation via its external newsletter to market participants) on 20 October 2023 and asked the following questions:

1. Do you use the P0287 report and, if so, is this used to assist in billing your customers?
2. What would be the impact of receipt of the P0287 report being delayed by 2 days, as per the proposed Modification P461?
3. Do you have any further views on P461 that you believe should be considered by the BSC Panel?

### Responses to Request for Information

The request for information captured two responses, both from Suppliers. These are shown below:

Respondent 1:		
Question	Response	Rationale / Further Comments
1) Do you use the P0287 report and, if so, is this used to assist in billing your customers?	No	N/A
2) What would be the impact of receipt of the P0287 report being delayed by 2 days, as per the proposed Modification P461?	No issues	N/A
3) Do you have any further views on P461 that you believe should be considered by the BSC Panel?	No	N/A

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<sup>11</sup> <https://www.elexon.co.uk/meeting/bsc-panel-343/>

Respondent 2:		
Question	Response	Rationale / Further Comments
1) Do you use the P0287 report and, if so, is this used to assist in billing your customers?	Yes	Flexitricity is both VLP and Supplier. Flexitricity is Lead Party and Virtual Lead Party for a number of sites; there is overlap between these two roles. Flexitricity uses the P0287 flow to verify the integrity of its customer settlement processes.
2) What would be the impact of receipt of the P0287 report being delayed by 2 days, as per the proposed Modification P461?	A short delay as proposed is unlikely to create any material adverse impact.	N/A
3) Do you have any further views on P461 that you believe should be considered by the BSC Panel?	Yes	<p>While the proposal deals with the proximate cause of the inaccuracy, it does not deal with the ultimate cause, which is the fact that energy imbalance for VLPs is calculated from FPN, whereas energy imbalance for Suppliers is calculated from contracted energy. A number of solutions for this could be considered:</p> <p>Support adoption of asset metering as introduced under P375, to remove contamination of VLP-related volumes by uncorrelated, independent actions behind the same boundary meter. It is pointed out that P375 is presently suffering implementation difficulties resulting from very limited metering agent support and (specifically for small sites) additional requirements for asset meters imposed outwith the BSC.</p> <p>Re-consider the use of the FPN as the basis for energy imbalance calculation for VLPs, and seek a solution which is more closely aligned between VLPs and Suppliers.</p>

Both Suppliers who responded indicated that they did not foresee any material impacts as a result of the solution originally proposed by P461.

Noting that one respondent suggested a number of alternative solutions, Elexon sought legal opinion and confirmed that the suggestion from the Supplier would not address the same issue/defect as described in P461. The issue addressed by this Modification (as captured in the Proposal Form submitted by the P461 Proposer) is that P0287 data flows cannot be reconciled to imbalance calculations, whereas the Supplier's issue/defect is that VLP volumes are not settled on the same basis as Supplier volumes. Elexon therefore concludes that the Supplier's proposal could not constitute an alternative, even if the Modification went to Assessment Phase.

The Proposer has confirmed that they explicitly seek to avoid altering how the VLP actions are recorded and processed, instead proposing a change to the P0287 flow data to incorporate currently missing data, which provides a 'closed loop' approach to settling customers accurately.

Therefore, the suggested variation is not 'addressing the same issue or defect as originally identified by the Proposer in their Modification Proposal' as required by Section F2.1.12 (b) (ii).

On this basis, Elexon recommended that P461 proceed with progression of the original proposed solution. This was discussed with the P461 Proposer who concurred. Further consideration may be necessary on whether to raise a separate Modification to address the issue that VLP volumes are not settled on the same basis as Supplier volumes, however this will need to occur outside of progression and discussions of this P461 BSC Modification.

The Panel considered the response to the RFI at their meeting on [9 November 2024](#)<sup>12</sup>. This discussion is detailed in [section 9, 'Panel's Original Discussions on P461'](#).

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<sup>12</sup> <https://www.elexon.co.uk/meeting/bsc-panel-344/>

### Original Recommended Implementation Date

The Panel initially recommended an Implementation Date for P461 of:

**7 November 2024** as part of the standard November 2024 BSC Release if an Authority decision is received on or before 7 May 2024 or

**27 February 2025** as part of the standard February 2025 BSC Release if an Authority decision is received after 7 May 2024.

This implementation approach was suggested as, given the necessary lead times to deliver P461, this would allow sufficient time post Ofgem decision to implement the required BSC System changes.

### Revised Implementation Date

Due to the effluxion of time, the original P461 Implementation Date is no longer appropriate. As the deadline for the BSC Standard November Release has passed, and given the original date was set in January 2024, we have re-assessed the implementation options to take into account the latest baseline. Furthermore, due to industry-wide changes around the implementation of [Market Wide Half Hourly Settlement \(MHHS\)](#)<sup>13</sup>, in particular activities related to Systems Integration Testing and transition activity for MHHS implementation in 2025, which are being prioritised due to the industry benefit they offer, the BSC Panel and Ofgem will be invited to consider a revised Implementation Date for P461. Industry parties were invited to provide their views on the below implementation approach as part of the Send Back Consultation:

The Panel has approved an Implementation Date for P461 of:

**Thursday 26 February 2026** as part of the BSC Standard February 2026 release

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<sup>13</sup> <https://www.elexon.co.uk/about/industry-wide-changes/mhhs-programme/>

The P461 Initial Written Assessment was first presented to the Panel at its meeting on 12 October 2023 ([343/03](#)<sup>14</sup>). The Panel deferred P461 for 1 month, while a Request for Information (RFI) was carried out to assess the potential impact on Industry. Those who may be affected would be those who require the MPAN level data contained within the P0287.

The P461 RFI was presented to the Panel at its meeting on 9 November 2024 ([344/04](#)<sup>15</sup>). The Panel noted that this Modification had originally been brought the previous month and was returning following a request for industry comment having been made. Panel queried the low response rate to the RFI. Elexon confirmed that all of the usual channels and distribution lists had been utilised to generate responses. A Panel Member highlighted, in relation to the modest number of consultation responses, that the Proposer has a particular business model which other Suppliers do not, therefore the other Suppliers may not see the significance of these costs. The Panel noted that the RFI responses didn't indicate any issues for Suppliers with P461.

P461 proceeded to the Report Phase Consultation and the original Draft Modification Report was presented to the BSC Panel on 11 January 2024 ([346/03](#))<sup>16</sup>. There were no responses to the consultation and the Panel made no further comment on P461. The Panel recommended to the Authority that P461 should be approved, as it better supported Applicable BSC Objective (c) based on the rationale provided by the Proposer.

### Panel's Original Recommendations

Elexon presented the P461 Draft Modification Report to the BSC Panel at its meeting on 11 January 2024 ([346/03](#))<sup>17</sup>. The Panel made no further comment on P461.

The Panel:

**AGREED** that P461:

- **DOES** better facilitate Applicable BSC Objective (c);

**AGREED** that P461 **should not** be treated as a Self-Governance Modification;

**AGREED** that P461 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;

**AGREED** that the impact on the EBGL objectives are **NEUTRAL**;

**AGREED** a recommendation to the Authority that P461 should be approved

**APPROVED** an Implementation Date Modification of:

- **7 November 2024** if an Authority decision is received on or before 7 May 2024; or
- **27 February 2025** if an Authority decision is received after 7 May 2024 but on or before 27 August 2024

**APPROVED** the draft Legal Text for P461;

<sup>14</sup> <https://www.elexon.co.uk/meeting/bsc-panel-343/>

<sup>15</sup> <https://www.elexon.co.uk/meeting/bsc-panel-344/>

<sup>16</sup> <https://www.elexon.co.uk/meeting/bsc-panel-346/>

<sup>17</sup> <https://www.elexon.co.uk/meeting/bsc-panel-346/>

**APPROVED** the P461 Modification Report.

The Final Modification Report was sent to the Authority on 25 January 2024 for decision.

Ofgem directed that additional steps be undertaken to revise the Final Modification Report (FMR) to include:

- Additional information on the justification for this code modification, including how customers, suppliers and other relevant industry parties are negatively impacted by the current process
- Clear evidence on the impact and benefits of the proposed solution on customers, suppliers and other relevant industry parties, including an assessment of any differences in the impact on both domestic and non-domestic customers
- Additional evidence of how the implementation of this modification would positively and/or negatively impact the applicable BSC Objectives
- Explanation of the interactions with other relevant inflight code modifications, including P444 as referenced in the FMR, and impacts on the use cases for P461; and
- In order to resolve the misalignment of legal texts between P415 and P461, suggest that work be done to re-baseline the legal text in this send back process.

Elexon has responded to each of these points as detailed in [section 14 'Response to Send Back Direction'](#).

### BSC Send Back Requirements

BSC Section F 2.7A describes the BSC Send Back Process:

- The Draft Send Back Process is presented for Panel approval; including a procedure and timetable for reconsideration and re-submission of the FMR. It may include:
  - Further consultation;
  - Revised or additional analysis and/or information;
  - Amending legal text;
  - Revising the Implementation Date;
  - Any other steps needed to address the Send Back;
- Panel considers the draft Send Back Process and determines whether to approve it or instruct changes;
- Elexon execute the Panel approved Send Back Process;
- Panel considers the revised Modification Report and determines whether to revise its recommendation, approve the revised report, approve any revised proposed text to modify the Code, and/or approve any revised proposed Implementation Date(s);
- The revised Modification Report is submitted to the Authority;



## EBGL Considerations

Where a Modification Proposal amends or supplements EBGL, the Panel shall submit the revised Modification Report to the Authority **within two months** of the Authority's direction (in accordance with Section F 2.7B).

In order to better understand any EBGL requirements for a Send Back, Elexon sought advice from its legal counsel on two questions. The legal advice below was factored into the draft Send Back Process presented to the Panel for approval.

### **Q1. How should Elexon proceed if the consultation required is likely to take longer than two months?**

Elexon legal counsel advised that the challenge inherent in the two-month timeframe was considered as part of [P392 'Amending BSC Change Process for EBGL Article 18'](#)<sup>18</sup>; P392 discussions acknowledged that the two month timeframe could prove challenging;

In this circumstance, the advice in P392 is that “a report may be submitted to Ofgem, with a recommendation that a further Workgroup and/or consultation be held. In this circumstance, Ofgem may issue a further Send Back direction”;

### **Q2. If further consultation is undertaken during the Send Back process, is it necessary to issue consultation for one month, as directed for the initial Modification Process in Section F 2.7.4A?**

Consultation, as part of the Send Back process, is not subject to a further 1 month consultation process

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<sup>18</sup> <https://www.elexon.co.uk/mod-proposal/p392/>

## 11 Draft Send Back Process

On receipt of Ofgem's Send Back Direction, Elexon prepared several options to fulfil the Send Back Direction while remaining compliant with the two-month timeframe:

In preparing the Send Back Process for Panel consideration, Elexon considered:

- The EBGL constraints, including the need to re-submit the FMR within 2 months – detailed in [section 10](#) of this document;
- Whether to address the legal text misalignment; and
- How to gather the additional evidence and information that Ofgem has requested

The Panel was presented with three progression options outlined below. Option 3 was ultimately selected by the Panel, as it was perceived to be the most efficient route. The Panel believed option two was not proportionate to the size and impact of the Modification. Option one was also ruled out on the basis that Elexon advised it would be better to address legal text alignment as a separate Modification. However, in order to address Legal Text amendments - as described in [section 2](#) - a revised progression plan has been drafted.

Each option proposed a consultation as the main method for collecting the requested evidence and data requested by Ofgem.

### Option 1:

This draft plan assumed the following in order to complete within 2 months:

We would consult on alignment legal text; and

We would hold an ad-hoc Panel meeting (in order to meet the 2-month constraint)

Event	Date
Send Back direction received	8 May 2024
Send Back Process presented to Panel	9 May 2024
Draft revised legal text to align to current baseline	13 May 2024 – 7 June 2024
Industry consultation (10WDs)	10 June to 21 June 2024
Draft Modification Report presented to Panel <b>at ad-hoc meeting</b>	3 July 2024
Submit revised Final Modification Report	5 July 2024

Option 2:

This draft plan assumed the following:

- We would consult on alignment legal text;
- We would not hold an ad-hoc Panel meeting; and
- We would hold Workgroups

Event	Date
Send Back direction received	8 May 2024
Send Back Process presented to Panel	9 May 2024
Form Workgroup – assume this will take 2-3 months (if at all)	13 May 2024 to 12 August 2024
Workgroup process – 3 months	By 30 November 2024
Industry consultation (10WDs)	By 9 December 2024 to 20 December 2024
Draft Modification Report presented to Panel	By 9 January 2025
Submit revised Final Modification Report	By 15 January 2024
*Submit FMR and Send Back P461, as needed to re-set 2-month constraint	As needed

\* This plan would require multiple Send Backs with Ofgem to enable it to complete (up to 9)

Option 3:

This route was presented as Elexon’s preferred option and was agreed by the Panel to be the most suitable method to address Ofgem’s Send Back. This draft plan assumed:

- We would not consult on alignment legal text;
- Avoids EBGL legal uncertainty on consultation periods; and
- Avoids ad-hoc Panel meeting

Event	Date
Send Back direction received	8 May 2024
Send Back Process presented to Panel	9 May 2024
Industry consultation (10WDs)	13 May 2024 – 24 May 2024
Draft Modification Report presented to Panel	13 June 2024
Submit revised Final Modification Report v2.0	19 June 2024

Elxon presented the P461 Draft Send Back Process to the [BSC Panel at their May 2024 meeting \(350\)](#)<sup>19</sup>

### Engagement with Ofgem and progression route

The Panel queried the timing of the Send Back process, noting that Ofgem had a period of five months to evaluate the P461 Modification and asked for clarification on the steps taken to engage Elxon and come to a determination that it did not have enough information to come to a decision. Ofgem responded that some time had been needed to get up to speed with the content of the proposal and the Settlement processes.

It was observed that Ofgem had not been engaged prior to submission of the first Final Modification Report. This was, in part, due to the fact that this Modification went straight to the Report Phase. The initial decision to pursue a Modification route that did not seek to form an industry Workgroup was based on the understood lack of interest within the industry regarding this Modification and the fact that there was a fully worked up solution. It was also thought by Elxon and the Proposer that this solution was self-evident and ultimately addressed a gap in the P344 'Wider Access & Project TERRE'20 solution.

Previous discussions within the Panel underscored the niche nature of this Modification and deemed the Report Phase route as suitable, considering the anticipated challenges in convening Workgroup participation. An effect of this was that no predefined points of engagement with Ofgem were required, and Elxon and Ofgem reflected that this may have contributed to a loss of opportunities for Elxon to engage with Ofgem and for the Authority to feed back on progress of the Modification.

Furthermore, a Panel member expanded on the potential low engagement from industry stakeholders, noting the similarity of the questions posed in this Modification consultation to those addressed in prior Modifications during the introduction of VLPs as part of P344.

One Panel member observed that Elxon would be unlikely to garner significant additional industry engagement, owing to the Report Phase and Request for Information (RFI) processes undertaken for this Modification. Further to this, a risk was raised around the possibility that Elxon might not capture the insights sought by Ofgem, given that industry stakeholders had already provided their perspectives in previous Modifications.

A Panel member recommended the inclusion of a consultation question to assess any divergent impacts on domestic and non-domestic customers. This suggestion has been duly incorporated into the consultation questions.

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<sup>19</sup> <https://www.elxon.co.uk/meeting/bsc-panel-350/>

<sup>20</sup> <https://www.elxon.co.uk/mod-proposal/p344/>

## 13 Send Back Consultation Responses

Elxon received two [responses to the P461 Send Back Consultation](#),<sup>21</sup> which was issued on 13 May 2024 and closed on 24 May 2024. Both respondents were Suppliers. One response was from the Proposer and was marked confidential. Respondents were in unanimous agreement that values reported to Suppliers on the P0287 data flow should incorporate any adjustments made by the SAA. Respondents agreed that the expected usage of disaggregated data on the P0287 data flow would enable Suppliers to accurately charge customers and correctly apportion their imbalance, and that the current status quo could prevent Suppliers from being able to issue accurate customer bills.

Respondents agreed that the same impacts would apply to Imbalance adjustments caused by the customer delivering a volume into the wholesale market (through a VTP, under Modification P415) and emphasised that the issue of omitted data contained in P0287 is material to accurate billing and unlikely to improve if P461 is not implemented.

Respondents agreed that P461 is necessary to facilitate accurate billing of domestic and/or commercial customers. The proposer acknowledged that this Modification is of primary concern to commercial customers.

The revised Implementation Date was approved by one respondent. The Proposer, however, expressed disappointment about the delay to Implementation. Neither respondent identified any implementation nor ongoing costs. The proposer emphasised that P461 is a correction of the original VLP process implementation and that the status quo forces them to incur additional costs to isolate and manage the inaccuracies reported.

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<sup>21</sup> <https://www.elxon.co.uk/documents/change/modifications/p451-p500/p461-send-back-consultation-responses/>

This revised P461 Modification Report seeks to provide a comprehensive understanding of the potential positive and negative impacts of P461:

### What is the scale of the problem that P461 is trying to address?

- The impact of missing data in the P0287 report is likely to increase as wholesale trading by VTPs is introduced and more customers will change their usage due to VLP/VTPs. This will lead to larger inaccuracies between the I014 and P0287. P461 seeks to future-proof against potential impacts of the data omission in P0287 as VLP/VTP use increases.
- Respondents to the Send Back Consultation noted that:
  - The materiality of inaccuracies in the P0287 data flow depends on the volume of VLP actions, the number of non-VLP action Meter Point Administration Numbers (MPANs) in the same BMU, the meter volumes of other MPANs within the same BMU, and the system price in that half-hour settlement period;
  - Such inaccuracies disadvantage suppliers with non-traditional p/kWh business models, who require this data to correctly apportion BMU imbalance and Residual Cashflow Reallocation Cashflow (RCRC) charges and benefits to customers;
  - Adjusting the supplier's BMU information without their knowledge of the event or its extent fundamentally prevents accurate customer invoicing; and
  - Improvements are unlikely without the implementation of P461

### What impact is this problem currently having on Suppliers, customers, and other industry parties?

The impact of this issue on Suppliers and customers depends on the contractual terms agreed between them (in their supply contract and/or power purchase agreement), which are generally not visible to Elexon. We would not necessarily expect Suppliers to share details of their contractual terms with Elexon (and a Panel Member has raised concerns that it may not be appropriate to ask them to do so).

Both the responses to the send-back consultation were from Suppliers whose contracts with customers allowed (or required) them to pass on their Imbalance Charges to the customer(s) responsible for them, and who therefore had processes for disaggregating their Imbalance Charge and allocating it to individual customers. Both Suppliers indicated that, in the absence of Modification P461, inaccuracies in the P0287 data would lead to inaccurate allocation of Imbalance Charges to customers, and hence cross-subsidies between different classes of customer. One of the responses included confidential details of exactly how that Supplier uses the P0287 and other available data to allocate Imbalance Charges to customers, and the types of cross-subsidy that would therefore arise when P0287 data was inaccurate. The details of these impacts arise from the specific methodology used by that Supplier to allocate Imbalance Charges to customers, and could be different for customers of a different Supplier, with a different billing methodology.

Nonetheless, the two responses received indicate that there are Suppliers whose contracts with customers include provisions for allocating the Suppliers' imbalance charges to the customers causing them. In the absence of the P461 solution, such customers will experience inaccuracies in the Imbalance Charges allocated to them. Depending on the specific methodology used by each Supplier these inaccuracies could occur just for customers who contract with a VLP, or also for other customers in the Supplier's portfolio.

Although this was not raised in the responses received, the issue addressed by P461 could also affect customers whose Supplier does not in general allocate Imbalance Charges to individual customers, but does allocate Imbalance Adjustments arising from VLP actions. It is not known whether there are Suppliers in this category, but it is likely that the P344 Workgroup envisaged that there might be (when they decided not to develop a BSC compensation mechanism for Imbalance Adjustments, on the grounds that Suppliers could put appropriate arrangements in their contracts with customers).

#### **Which customers are affected by this problem?**

- Any commercial customer within the same BMU as a VLP-actioning customer will be affected.

#### **Information or evidence on the expected impact of the implementation of the proposed solution on Suppliers, customers, and other industry parties**

- Respondents agreed that there were no expected implementation or ongoing costs. The Proposer highlighted that the current status quo increases costs in terms of data storage and processing because of the increased size of SAAi014 flows. Therefore, P461 would represent a saving in this instance.

#### **The distinction between the impact of the proposed solution on domestic and non-domestic customers**

- No distinction was drawn within the consultation and respondents stated that there was no expected impact on domestic customer. However, other Market Participants have expressed that they may include domestic customers in their Secondary BM Units in the future. In which case, billing of domestic customers could be impacted.

#### **Information on the Imbalance Adjustments that P461 would allow Suppliers to pass through to their customers**

- Further detail is given via a demonstration of the impact on the Proposer's business model, which will be provided to Ofgem as part of the confidential version of the Revised Final Modification Report.

#### **Further analysis on the positive impact on the Applicable BSC Objective (c)**

- (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 – The Proposer believes that P461 corrects an error which was introduced during introduction of VLP actions. The current status quo impacts the Proposer's ability to be competitive, by introducing costs into the process in order to negate the negative impacts of the inaccurate data that is received.

- During the Send Back Consultation, the Proposer also reasoned that P461 has a positive impact on BSC Objective (d) Promoting efficiency in the implementation of the balancing and settlement arrangements, as P461 corrects an error in the current data reportage and seeks to provide accurate data for suppliers that pass through costs/benefits. Numbers of Suppliers using this model are increasing and it is important that they will be in possession of all the imbalance data able, in order to provide accurate customer billing.

### **Analysis of the interactions between P461 and other pertinent in-flight Modifications, including P444**

- Elexon performed an analysis of Modification interactions, which can be seen in Attachment D

**A practical demonstration to illustrate both the issue and the proposed solution. This demonstration is supplemented by a thorough exposition, complete with practical examples, designed to illustrate the operational dynamics of P461 and justify its necessity.**

- This is provided to the Authority as a confidential attachment

### **The potential need to align P461 with P415 as the legal text does not fully align**

- Ofgem proposed including alignment legal text to re-baseline the P461 legal text with P461 legal text to align with P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'<sup>22</sup> which will be implemented in November 2025. During Panel discussion, Ofgem indicated that a separate alignment Modification would suffice, allowing the P461 Send Back to be concluded within the two-month timeframe. Elexon proceeded accordingly. However, further analysis, as detailed in Attachment D, revealed the need for revisions to the P461 Legal Text. Consequently, Elexon drafted a new progression plan to address the required revisions and the misalignment between P461 and P415.

### **Proposed Legal Text amendments (in event of an additional Send Back)**

BSC Modification P461 is intended to allow Suppliers to accurately apportion their Imbalance Volumes to individual customers (where required for billing purposes). As currently drafted:

- It achieves this for Imbalance adjustments relating to Secondary BM Units participating in the Balancing Mechanism (BM); but
- It does not achieve this for Trading Secondary BM Units used by Virtual Trading Parties in the wholesale markets and/or imbalance markets (as permitted by BSC Modification [P415](#)<sup>23</sup>).

This issue can be resolved by making a change to the P461 Legal Text, to align it with P415. Attachment D describes this issue in detail. Please note that, as described in [section 15](#), the only way to allow Elexon the necessary time to draft and consult with industry on these changes would be an Ofgem decision to issue another Send Back direction.

<sup>22</sup> <https://www.elexon.co.uk/mod-proposal/p415/>

<sup>23</sup> <https://www.elexon.co.uk/mod-proposal/p415/>



P415 also introduces a new “Supplier Compensation Cashflow”, to compensate Suppliers for adjustments made to their Imbalance positions in relation to Deviation Volumes:

- P461 (as currently drafted) does not provide Suppliers with the information they’d need to apportion this new cashflow to individual customers.
- This issue is outside the scope of P461 (and would be solved by P444, if approved, as P444 would lead to Suppliers receiving the same compensation for BOAs as volumes in the wholesale market)

There do not appear to be any specific interactions between P461 and P444 or P473

Between the initial presentation of the P461 solution in October 2023 and the approval of the [P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'](#)<sup>24</sup> by Ofgem on 7 November 2023, the legal texts for P461 and P415 became misaligned. Elexon informed Ofgem of this issue before the Send Back Direction was issued. Consequently, Ofgem suggested managing this misalignment as part of the Send Back process. However, to save time, Elexon and the Panel agreed (with Ofgem's consent) to address this misalignment through a separate modification.

Further analysis during the Send Back process indicated that the existing legal text for P461 required additional revisions, which would have addressed the misalignment. Elexon planned to draft amendments to the P461 legal text and consult with the industry. Elexon prepared a revised Send Back process (below), necessitating Ofgem to issue a second Send Back Direction, in accordance with EBGL provisions, as detailed in [section 10](#) of this document.

Event	Date
Send Back direction received	8 May 2024
Send Back Process presented to Panel	9 May 2024
Industry consultation (10WDs)	13 May 2024 - 24 May 2024
Draft Modification Report presented to Panel with recommendation for Ofgem to issue a 2 <sup>nd</sup> Send Back	13 June 2024
Submit Revised Modification Report with recommendation for 2 <sup>nd</sup> Send Back to Ofgem	19 June 2024
Legal text redrafted	10 - 21 June 2024
Elexon receives Ofgem 2 <sup>nd</sup> Send Back Direction	~ August 2024
Send Back Process presented to Panel	12 September 2024
Industry Consultation (1 month due to potential EBGL impacts)	16 September - 16 October 2024
Revised Modification Report presented to Panel	14 November 2024
Submit Revised Final Modification Report to Ofgem	20 November 2024

Elexon presented the the Revised Draft Modification Report to the BSC Panel during its meeting on 13 June 2024 ([351/08](#))<sup>25</sup>. Elexon initially sought a recommendation from the Panel to:

- **AGREE** a recommendation to the Authority that P461 should be **Sent Back**;
- **APPROVE** the revised P461 Send Back Process; and
- **APPROVE** an Implementation Date of:
  - **Thursday 26 February 2026** as part of the BSC Standard February 2026 release

<sup>24</sup> <https://www.elexon.co.uk/mod-proposal/p415/>

<sup>25</sup> <https://www.elexon.co.uk/meeting/bsc-panel-351/>

The Panel highlighted that P461 was justified by the Proposer's claim that it was an error arising from P344, which required correction. The Panel expressed concerns that the legal text to align P461 with P415 may constitute substantial revisions to the proposed solution. This would be in contravention of [Section F 2.7A](#)<sup>26</sup> which states that “a Proposer shall have no right to withdraw or vary their Modification Proposal during the Send Back Process”, fearing non-compliance with the send-back instruction. Elexon confirmed discussions with Ofgem, who suggested that alignment text could be part of the Send Back, but acknowledged that the revisions required may be more substantive and would, in that case, potentially fall outside of the remit of the Send Back.

The Panel further emphasised the need for broader consultation, considering the implications for other modifications and stakeholders. It was noted retrospectively that an Assessment Phase process with a Workgroup would have been helpful for P461, with the Panel observing that complications had emerged over time which might have been avoided with Workgroup involvement. It was acknowledged that this approach was deemed appropriate at the time, based on the prevailing understanding that the solution was considered fully developed. Further, there was a perception that the industry had limited interest in additional Workgroups, given previous consultations on similar Modifications.

The Panel discussed the need for a revised recommendation and the process for resubmitting a modified report. Panel remained supportive of the intention behind P461 and offered additional engagement to the Proposer to help them understand their rationale but expressed a view that progressing the Modification without further industry input could potentially cause further unforeseen misalignment, particularly as it would necessitate multiple Send Backs, which would impose a considerable burden on both Ofgem and Elexon, constrained by a two-month process due to EBGL limitations.

Panel deliberated on the feasibility of recommending the rejection of P461 within the parameters of the Send Back Process. Elexon sought legal advice, which confirmed that this course of action was permissible. Consequently, the Panel recommends to the Authority that P461 be rejected.

The Panel:

- **AGREED** a recommendation to the Authority that P461 should be **REJECTED**;
- **APPROVED** the revised Modification Report; and
- **APPROVED** an Implementation Date of:
  - **Thursday 26 February 2026** as part of the BSC Standard February 2026 release

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<sup>26</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures>

## 16 Recommendations

The BSC Panel recommends to the Authority:

- That P461 should be **REJECTED**; and
- In the event that the Authority does not reject P461, an Implementation Date for P461 of:
  - **Thursday 26 February 2026** as part of the BSC Standard February 2026 release