

Phase

Initial Report

Consultation

Final Report

## P474 ‘Ongoing governance, funding and operation of the Data Integration Platform (DIP)’

This Modification proposes changes to the BSC to enable the ongoing governance, funding and operation of the Data Integration Platform (DIP). The proposed changes will create the DIP Rules, consisting of a new section to the Code and seven new subsidiary documents. The proposed changes will place specific obligations on BSCCo (as the DIP Manager) and on DIP Users.

This Authority Led SCR Modification Consultation for P474 closes:

**5pm on Wednesday 17 July 2024**

The Panel may not be able to consider late responses.



The BSC Panel initially recommends **approval** of P474



The BSC Panel **does** believe P474 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Suppliers
- Metering community
- Data services community
- Distributors
- BSCCo
- RECCo
- DCUSA

P474  
Authority Led SCR  
Modification Consultation

17 June 2024

Version 1.0

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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, 4 and 7
- Have 30 minutes? Read all sections
- Have longer? Read all sections and the appendix and attachments.

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## About This Document

You can find the definitions of the terms and acronyms used in this document in the [BSC Glossary](#)<sup>1</sup>.

This is the P474 Authority Led SCR Modification Consultation, which Elexon is issuing for industry consultation on the BSC Panel's behalf. It contains the Panel's provisional recommendations on P474. The Panel will consider all consultation responses at its meeting on 8 August 2024, when it will agree a final recommendation to the Authority on whether or not the change should be made. An Authority Led SCR Modification Proposal does not follow the standard Modification Procedures. Instead, it will follow the timetable set by the Authority and the Authority Led SCR Modification Proposal procedure detailed in [BSC Section F5.3A](#)<sup>2</sup>.

There are five parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach.
- Attachment A contains the P474 Authority Led SCR Modification Proposal Form.
- Attachment B contains the draft redlined changes to the BSC for P474.
- Attachment C contains the draft DIP Subsidiary Documents (DSDs) for P474.
- Attachment D contains the specific questions on which the Panel seeks your views. Please use this form to provide your responses to these questions, and to record any further views/comments you wish the Panel to consider.

<sup>1</sup> <https://www.elexon.co.uk/glossary/?show=all>

<sup>2</sup> <https://www.elexon.co.uk/documents/bsc-codes/bsc-sections/bsc-section-f-modification-procedures/>

**What is an Authority Led SCR Modification Proposal?**

The Significant Code Review (SCR) process provides a tool for Ofgem (the Authority) to initiate extensive change and to implement reform. An Authority Led SCR Modification is one of the routes available to the Authority for giving effect to an SCR - a BSC change which arises from an SCR and where the process is led by the Authority. It does not follow the normal Modification process. Ofgem set the timeline and steps.

**Why Change?**

The implementation of Market-wide Half Hourly Settlement (MHHS) will result in an increase in the volume of data being sent and received across the retail electricity industry. In order to facilitate this, Ofgem determined that a new system to support data transfer was required. The Data Integration Platform (DIP) has been designed to provide an improved architecture for industry data transfer. Ofgem selected Elexon to govern the DIP through the BSC as the DIP Manager, and the intention of P474 is to implement the arrangements for the ongoing governance, funding and operation of the DIP.

**Solution**

P474 proposes creation of the DIP Rules - a new section to the Code known as the DIP Supplement, and seven new DIP Subsidiary Documents (DSDs). The proposed changes will place specific obligations on BSCCo in its role as the DIP Manager, and on DIP Users. DIP Users will include both BSC and non-BSC Parties.

The proposed governance structure involves the vast majority of decisions surrounding the DIP being made by the DIP Manager, including decisions on on-boarding, assurance, and change. The DIP Change and Advisory Board (DCAB), a specialist user group, will be created from industry representatives to make decisions on material changes and advise the DIP Manager and, in limited circumstances, the BSC Panel, regarding the DIP. The BSC Panel's only involvement will be in relation to changes to the DIP Supplement and parts of the BSC that are considered as part of the DIP Rules.

**Impacts and Costs**

Cost Estimates			
Organisation	Implementation (£)	On-going (£ per year)	Impacts
Elexon	110k	600k	Development of DIP arrangements and ongoing operation as the DIP Manager
Industry	50k	TBC	Development of DIP arrangements and ongoing use of the DIP as DIP Users
Total	160k	600k	

**Implementation**

The Proposer (Ofgem) and the BSC Panel recommend an Implementation Date of:

- 1 October 2024 as part of a Non-Standard BSC Release, if the decision is received on or before 17 September 2024; or
- 10 Working Days after Authority decision as part of a Special BSC Release, if a decision is received after 17 September.

**Recommendation**

The Panel initially and unanimously recommends that P474 should be approved as it better facilitates Applicable BSC Objectives (c) and (b) – improved competition and efficient operation of the BSC.

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### What is the issue?

The Data Integration Platform (DIP) is an industry system established to enable the Target Operating Model (TOM) for [Market-wide Half Hourly Settlement \(MHHS\)](#)<sup>3</sup>, as per Ofgem's [Decision on the reference architecture of the MHHS TOM](#)<sup>4</sup>. Following industry consultation Ofgem published the [Decision on the governance, funding and operation of an Event Driven Architecture for MHHS](#)<sup>5</sup>, stating that the DIP should be governed through the BSC. A modification to the BSC is required to give effect to this decision, as currently, the BSC does not include provisions for the governance, funding and operation of the DIP. Legal documentation setting out the requirements of the DIP Manager and DIP Users is necessary to ensure the enduring operation of the DIP, which is a vital component of the [MHHS TOM](#)<sup>6</sup>.

### Background

The introduction of MHHS will result in a significant increase in the volume and frequency of data feeding into Settlement, due to the additional Meter readings available from smart and advanced meters. Consideration by the [Architecture Working Group](#)<sup>7</sup> (AWG) – a group of industry IT experts, from Suppliers, Supplier Agents, and software support companies – and consultation with industry led to a [recommendation](#)<sup>8</sup> that Event Driven Architecture (EDA) be used as the method for communicating data between all services and roles impacted by MHHS. Ofgem supported the AWG's recommendation, requiring industry to develop a hybrid architecture comprising the existing Data Transfer Service (DTS) and a new EDA platform.

EDA is a type of software where components generate and react to events, where an event is something of business significance. The software publishes an event when a significant event happens, such as registration information being updated or new Meter data becoming available. Authorised interested parties are notified that the business event has occurred, and can retrieve the content. This software design allows a single event to be consumed by many parties, and is ideal for high-volume, real-time and near real-time systems.

The MHHS EDA based system, known as the DIP, is a key component to support delivery of the MHHS TOM and will be able to respond to the increase in volume and frequency of data more quickly than the current arrangements. The DIP will provide market participants with the platform that will be used to share data including Half-Hourly consumption information, meter technical details and registration information.

Following the Ofgem [Consultation on the governance, funding and operation of an Event Driven Architecture](#)<sup>9</sup>, Ofgem published the [Decision on the governance, funding and](#)

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<sup>3</sup> <https://www.ofgem.gov.uk/publications/electricity-retail-market-wide-half-hourly-settlement-decision-and-full-business-case>

<sup>4</sup> <https://www.ofgem.gov.uk/publications/decision-reference-architecture-market-wide-half-hourly-settlement-target-operating-model>

<sup>5</sup> <https://www.ofgem.gov.uk/decision/decision-governance-funding-and-operation-event-driven-architecture-market-wide-half-hourly-settlement>

<sup>6</sup> [https://www.ofgem.gov.uk/sites/default/files/docs/2019/02/dwg\\_mhhs\\_tomv1.1\\_attachment\\_b\\_tom\\_development.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2019/02/dwg_mhhs_tomv1.1_attachment_b_tom_development.pdf)

<sup>7</sup> <https://www.elexon.co.uk/group/architecture-working-group-awg/>

<sup>8</sup> <https://www.elexon.co.uk/article/architecture-working-group-makes-recommendation-on-reference-architecture-to-support-mhhs/>

<sup>9</sup> <https://www.ofgem.gov.uk/publications/market-wide-half-hourly-settlement-mhhs-consultation-governance-funding-and-operation-event-driven-architecture>

[operation of an EDA for MHHS](#)<sup>10</sup>, which determined that the DIP should be governed through the BSC. [Issue 101 'Ongoing Governance, Funding and Operation of the MHHS DIP by BSCCo'](#)<sup>11</sup> was raised to gather industry input into the proposal for the enduring operation, funding and governance of the DIP. The Issue Group included Elexon representatives, impartial industry volunteers, and representatives from the MHHS Programme who are responsible for the design and build of the DIP. Following a review of the proposal from Issue 101, Ofgem requested amendments to the legal text in order to avoid making changes to National Grid ESO's electricity Transmission Licence at a time when significant changes to that licence are already under way.

The DIP has been built by the MHHS Programme and will be handed to the DIP Manager to operate in a phased approach throughout 2024 until M10.

## Desired outcomes

The desired outcome from this Modification is to amend the BSC to include provisions for the governance, funding and operation of the DIP. This will clarify to industry the requirements for the DIP Manager and DIP Users and enable the enduring operation of the DIP.

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<sup>10</sup> <https://www.ofgem.gov.uk/publications/decision-governance-funding-and-operation-event-driven-architecture-market-wide-half-hourly-settlement>

<sup>11</sup> <https://www.elexon.co.uk/smg-issue/issue-101/>

### Proposed solution

The P474 Proposed Solution is based on the proposal from the Issue 101 Issue Report. However, following review by Ofgem the solution has been amended to avoid changes to the Transmission Licence. Given that this licence sets out the process that BSC changes must follow, the main effect of proceeding without a licence change is that changes to the DIP Supplement will follow the BSC Modification Procedures. However, changes to the DIP itself and DSDs will still follow the DIP change processes as proposed by Issue 101. The amendments to the draft legal text are detailed in Appendix 1 of this report.

P474 proposes the creation of the DIP Supplement, part of the BSC, which will 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 will refer to and create obligations via DIP Subsidiary Documents (DSDs), which will detail the procedures and detailed arrangements relating to use of the DIP.

In addition, there will be changes to existing BSC Sections to facilitate the DIP Supplement and DSDs, they will be known as 'Code Embedded DIP Rules'. The DIP Supplement, Code Embedded DIP Rules and DSDs will collectively be known as the DIP Rules.

### Governance

The DIP Manager will make all decisions about the DIP, other than where the decision sits with the DIP Change and Advisory Board (DCAB) or Ofgem.

The DCAB will act as a specialist user group formed with constituency representation across the different DIP User types. They will advise the DIP Manager (and in limited circumstances, the BSC Panel). Additionally, they will 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. Appeals of DCAB decisions will be made to Ofgem.

The DIP Manager will be required to facilitate close working relationships with Code Bodies, in order to support the Code Bodies and implement efficiencies to benefit DIP Participants. This includes participation in relevant cross-Code forums and consultations.

### DIP Connection and operation

DIP connection and disconnection processes, including the process whereby new DIP Users will be granted access to the DIP and the processes by which access to DIP will be permanently or temporarily revoked will be administered by the DIP Manager, including communication with Code Bodies and Ofgem where appropriate.

There will be three points of entry into DIP On-Boarding:

- BSC Parties, following referral from BSC Market Entry process – information will be shared with the DIP by API;
- REC Parties, following referral from REC Market Entry Process via the BSC Market Entry process; and
- The DIP front-page – primarily non Parties e.g. DIP Connection Providers (DCPs), but open to all.

The DIP Manager will be responsible for ensuring that they (and by extension the DIP Service Provider) have Information Security Management System (ISMS) practices and policies in place that align with industry best practice. They will also be expected to prevent unauthorised access to the DIP and the addition of any Malware. DIP Users will have to adhere to [ISO 27000 series](#)<sup>12</sup>, to the extent that the standards are applicable to their organisation. This means that they will not necessarily need to be certified if it is not appropriate for the DIP Users business model, but will need to show how their Information Security Management Systems (ISMS) aligns with the ISO2700 series.

## Assurance

The DIP Manager will arrange risk-based assurance of all DIP Participants, including themselves and their service provider. The DIP Manager will generate a yearly DIP Assurance Strategy which will set out the priorities for Assurance activities, including working with Industry Codes to achieve synergies where possible.

Audits will be performed where significant risk is identified or where there is evidence of underperformance, and will generally be virtual. The DIP Manager will work with DIP Participants to rectify any failings as soon as possible.

The DIP Manager may use third parties to carry out any Assurance and audit.

Serious failure to comply with the DIP Rules may result in revocation of access to the DIP, following engagement with the Authority. However, where a DIP User is Party to an Industry Code where use of the DIP is necessary to complete their obligations of that code, failure to comply with the DIP Rules will be seen as a failure to comply with that Industry Code and action may be taken accordingly.

## Change management

Changes to the DIP Supplement will follow the BSC Modification Procedures, but the BSC Panel will have to consider the analysis and recommendation of the DIP Manager (who may engage with the DCAB depending on the change's materiality) when making their recommendation on whether to approve or recommend the Modification. Changes to the DSDs that do not impact the DIP Supplement will follow the DIP Change Request (CR) process. The DIP Manager will determine whether DIP CRs should be raised, change progression routes, timetables, and whether CRs should be implemented (other than where there is a material impact and the decision sits with the DCAB).

Changes will be assessed against the DIP Applicable Objectives:

- Provide accurate and timely support for the sharing of applicable market data;
- Further consumer interests through the appropriately governed sharing of data; and

<sup>12</sup> <https://www.iso.org/standard/iso-iec-27000-family>

- Facilitate competitive change and innovation through the efficient and economic delivery of reliable and adaptable services.

## Cost recovery

The DIP will be a new service that will incur ongoing operational costs. The funding arrangements will ensure that DIP Costs are covered by DIP Payees, and that the DIP Manager will not profit from the operation of the DIP.

Costs for the DIP Core Services (related to sharing information required by an Industry Code) will be borne by Suppliers and based on Funding Share calculated with reference to the number of MPANs registered in the DIP MPAN Address Maintenance Service (DIP MAMS). A Standing Charge (which will be set annually as part of the budget proposal and consultation process) will recover a fixed amount each month.

DIP Non-Core Services will be funded by the beneficiaries on a case-by-case basis to cover the costs incurred by the DIP Manager in the delivery of the service. This can include one-off DIP On-Boarding, change or data release costs and on-going service costs.

The DIP Rules require that where a new DIP User type is created changes to the cost recovery model (and DCAB membership) must be considered as part of the DIP CR that creates the new DIP User type.

The DIP Manager will set the annual DIP Budget, consult with DIP Users and interested stakeholders and finalise the DIP Budget following the consultation and discussion with the DCAB.

## Data Management

All DIP Participants will be subject to the Data Protection legislation and Ofgem's Data Best Practice. The DIP open data policy details how open data requests will be handled. The requirements apply to the DIP Manager primarily, but should be used as guidance/advice for DIP Users when implementing their own open data policy.

## Legal text

The following BSC Sections will be impacted by this Modification:

- [BSC Section C 'BSCCo and its Subsidiaries'](#)<sup>13</sup> to expand Elexon's authorised activities to include acting as the DIP Manager;
- [BSC Section D 'BSC Cost Recovery and Participation Charges'](#)<sup>14</sup> to clarify that DIP Costs will not be included as BSC Costs and to allow (but not mandate) inclusion of DIP Costs in BSC invoicing;
- [BSC Section F 'Modification Procedures'](#)<sup>15</sup> to add that BSC Modifications impacting the DIP Rules require analysis from the DIP Manager;
- [Section H 'General'](#)<sup>16</sup> to detail what the DIP Supplement is and that failure to comply with the DIP Rules may constitute a breach under Section H3 of the BSC;

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<sup>13</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-c-bscco-and-its-subsidiaries>

<sup>14</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-d-bsc-cost-recovery-and-participation-charges>

<sup>15</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures>

<sup>16</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-h-general>

- [Section X-1 'General Glossary'](#)<sup>17</sup> to add required DIP terms and amend the definition of Self Governance to exclude changes to the DIP Rules; and
- The DIP Supplement created to introduce obligations on the DIP Manager and DIP Users.

The proposed changes to the BSC for P474 can be found in Attachment B.

There will also be seven DSDs created:

- DSD001 – DIP Governance;
  - DSD001 Annex One – DIP Rules Implementation Dates and Transition Arrangements;
- DSD002 – DIP Connection and Operation;
  - DSD002 Annex One – DIP On-Boarding Non-Functional Checks;
  - DSD002 Annex Two – Detailed DIP Operational Requirements;
  - DSD002 Annex Three – The DIP-PKI (Public Key Infrastructure) Policy;
  - DSD002 Annex Four – Access Agreement;
- DSD003 – Assurance and Reporting;
- DSD004 – DIP Change and Document Management;
- DSD005 – DIP Funding and Budget; and
- DSD006 – Data Management; and
- DSD007 – DIP Glossary.

The draft DSDs can be found in Attachment C.

Authority Led SCR Modification Consultation Questions
<p>Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P474?  <i>Please provide your rationale.</i></p>
<p>Do you agree with the Panel that the draft subsidiary documents deliver the intention of P474?  <i>Please provide your rationale.</i></p>
<p>The Panel invites you to give your views using the response form in Attachment D</p>

<sup>17</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-x-1-general-glossary>

## 4 Applicable BSC Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Neutral
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(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	<b>Positive</b>
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	<b>Positive</b>
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	Neutral
(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

The Proposer, Ofgem, believes that this Modification Proposal will have a positive impact on Applicable BSC Objective (c) and Applicable BSC Objective (d).

### Applicable BSC Objective (c)

In the view of the Proposer, this Modification will better facilitate Applicable BSC Objective (c) as it will enable the enduring operation of the DIP, which is central component of delivering MHHS. Successfully implementing MHHS will benefit competition by developing a more effective and flexible energy market, and will encourage increased market entry. MHHS will facilitate the development of new, innovative business models, products and services that consumers can engage with in the future.

In its 2016 [Energy Market Review findings](#)<sup>18</sup>, the Competition and Markets Authority (CMA) 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 is that implementing MHHS effectively remedies this adverse effect on competition.

### Applicable BSC Objective (d)

In the view of the Proposer, this Modification will better facilitate Applicable BSC Objective (d) as the DIP will support MHHS Implementation, which in turn will result in a faster and more efficient Settlement system and processes (as set out in [Ofgem's MHHS Decision Document](#)).

<sup>18</sup> <https://assets.publishing.service.gov.uk/media/5773de34e5274a0da3000113/final-report-energy-market-investigation.pdf>

### Benefits

This Modification aims to define the DIP arrangements for governance, funding and operation and is therefore necessary for the operation of the DIP. The DIP is a vital component of the MHHS TOM, which will have positive impacts on consumers and the environment, as summarised in the table below.

The proposed legal text and subsidiary documents clearly set out the requirements of the DIP Manager and DIP Users, which will provide clarity and consistency for those using the DIP. The proposed arrangements are bespoke and flexible, which should allow for efficiencies.

For example, the flexible change process will facilitate the faster progression of technical changes to the DIP and DSDs. The progression route of a change will be determined by the DIP Manager based on the specifics of each change, which should result in fewer changes requiring consideration by industry workgroups and panels.

The assurance processes are also designed to offer efficiencies for industry as they are designed to work in tandem with assurance from other Industry Codes. The assurance will also be risk-based, meaning that DIP Users should not have to participate in unnecessary assurance activities.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
<p>1) Improved safety and reliability</p> <p>This Modification is necessary for the ongoing operation of the DIP, which is vital for delivery of the MHHS TOM. The DIP will enable services to respond to real-world business events more quickly and at a much higher scale than at present. This allows industry to create processes that are more reliable for Settlement.</p> <p>MHHS is a key enabler for a smarter, more flexible electricity system and will facilitate the development of new, innovative business models. Using innovation enabled by MHHS to reward consumers for matching their consumption with periods of high generation from renewables such as wind and solar photovoltaics (PV) can help to integrate this generation into the system. This Modification is necessary for MHHS to be successfully implemented and for these benefits to be realised.</p>	<p><b>Positive</b></p>



#### What are the consumer benefit areas?

- 1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?
- 2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?
- 3) Will this proposal support:
  - i) new providers and technologies?
  - ii) a move to hydrogen or lower greenhouse gases?
  - iii) the journey toward statutory net-zero targets?
  - iv) decarbonisation?
- 4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.
- 5) Are there any other identified changes to society, such as jobs or the economy.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
<p>2) Lower bills than would otherwise be the case</p> <p>MHHS will ensure that charges to Suppliers for wholesale electricity more accurately match actual consumption, rather than relying on estimates of consumer usage. This will incentivise Suppliers to offer new tariffs and products that encourage a more flexible use of energy and help consumers to lower their bills, for example through time of use tariffs, automation, vehicle to grid solutions and battery storage. It will help to reduce cost to current and future consumers, through reducing the need for infrastructure investment and facilitating more efficient use of generation and network assets. The Ofgem <a href="#">Electricity Retail Market-wide Half-hourly Settlement: Decision and Full Business Case</a><sup>19</sup> estimates that MHHS will deliver net benefits to GB energy consumers in the range of £1.6bn-£4.5bn between 2021 and 2045. This Modification is necessary for the MHHS TOM to be successfully implemented and for these benefits to be realised.</p>	<b>Positive</b>
<p>3) Reduced environmental damage</p> <p>MHHS will encourage a more flexible use of energy and will create opportunities for the market to develop new products and services, including lowering the barriers for entry for new green energy Suppliers and helping to cost-effectively decarbonise the sector. This Modification is necessary for the MHHS TOM to be successfully implemented and for these benefits to be realised.</p>	<b>Positive</b>
<p>4) Improved quality of service</p> <p>The DIP enables services to respond to real-world business far quicker and at a greater scale than at present. It will support the greater volume of data that will be generated through smart Meters and MHHS processes. This allows industry to create faster and more efficient processes for Settlement, providing an improved quality of service.</p> <p>The incentives created by MHHS will encourage development of new products and services for consumers, helping them use electricity more flexibly, saving money and reducing their carbon footprint. This Modification is necessary for MHHS to be successfully implemented and for these benefits to be realised.</p>	<b>Positive</b>
<p>5) Benefits for society as a whole</p> <p>MHHS will increase competition between Suppliers (including innovative new entrants to the market), create a more flexible electricity wholesale market and facilitate the development of new, innovative business models, products and services that consumers can engage with in the future. There will be numerous benefits, some quantifiable and some intangible. Ofgem published an Impact Assessment that sets this out in detail – attached to its <a href="#">April 2021 decision to proceed with MHHS</a>.</p>	<b>Positive</b>

<sup>19</sup> <https://www.ofgem.gov.uk/decision/electricity-retail-market-wide-half-hourly-settlement-decision-and-full-business-case>

## Estimated costs of P474

To determine industry costs for the implementation and operation of the new MHHS arrangements, the MHHS Programme has issued an [information request to Programme Participants](#)<sup>20</sup>. The information request will close on 5 July 2024. Any information gathered in relation to Programme Participant costs for the operation of the DIP will be included in the Draft Authority Led SCR Modification Report.

Costs to industry will also be assessed during this Authority Led SCR Modification Consultation, where we will ask respondents to estimate their costs relating to implementation and ongoing operation.

Costs associated with the DIP system itself will be reported as part of the Authority Led SCR Modification to Implement the MHHS legal text. This is because the development of the DIP itself has been completed by the MHHS Implementation Manager and costs from industry to develop systems for interacting with the DIP were required for System Integration Testing (SIT), which is being run by the MHHS Programme.

Implementation costs estimates			
Organisation	Item	Implementation costs (£)	Comment
Elexon	DIP system development	-	Included as part of MHHS Programme costs
	Document development	100k	Development of the DIP drafting as part of Issue 101
	Document implementation	<10k	
Industry	Systems & processes	-	Included as part of MHHS Programme cost estimates
	Document development	50k	Development of the DIP drafting as part of Issue 101
<b>Total</b>		160k	

On-going costs estimates		
Organisation	On-going costs (£ per year)	Comment
Elexon	600k	Cost estimate from the Elexon budget – includes additional FTE for DIP Manger roles and DIP Service Provider
Industry	TBC	Upkeep of systems to interact with the DIP, compliance with DIP Rule e.g. assurance activities
	TBC	Funding of the DIP
<b>Total</b>	>600k	

<sup>20</sup> <https://www.mhhsprogramme.co.uk/planning/ofgem-ppir-cost-analysis>

## P474 impacts

Impact on BSC Parties and Party Agents	
Party/Party Agent	Potential Impact
Suppliers	Increased costs due to finding of the DIP, additional obligations as a DIP User
Metering community	Additional obligations as a DIP User
Data Services community	Additional obligations as a DIP User
Distributors	Additional obligations as a DIP User

Impact on the NETSO	
Potential Impact	
No impact	

Impact on BSCCo	
Area of Elexon	Potential Impact
DIP Manager	New area of Elexon to support operation of the DIP, development of new internal processes
Rules Management	Training on amendments to the BSC Modification Procedures for changes to the DIP Supplement and Code Embedded DIP Rules

Impact on BSC Settlement Risks	
No direct impacts to BSC Settlement Risks	

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
None	N/A

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
DIP Service Provider	None – this Modification will not impact the established contract between Elexon and the DIP Service Provider

Impact on Code	
Code Section	Potential Impact
BSC Section C	Amendment to expand Elexon's authorised activities to include acting as the DIP Manager

Impact on Code	
Code Section	Potential Impact
BSC Section D	Amendment to clarify that DIP Costs will not be included as BSC Costs and to allow (but not mandate) inclusion of DIP Costs in BSC invoicing
BSC Section F	Amendment to add that BSC Modifications impacting the DIP Supplement and Code Embedded DIP Rules require analysis from the DIP Manager
BSC Section H	Amendment to detail what the DIP Supplement is and that failure to comply with the DIP Rules may constitute a breach under Section H3 of the BSC
BSC Section X-1	Amendment to add required DIP terms and amend the definition of Self Governance to exclude changes to the DIP Rules

Impact on MHHS
P474 will not impact the code drafting or system development for MHHS as the proposed legal text has been developed with input from the MHHS Programme and is in line with the current build for the DIP. Should changes to the DIP design be made between the raising and implementation of P474, then a change will be made following implementation to align the legal text with the updated build.

Impact on EBGL Article 18 terms and conditions
This Modification will impact the EBGL Article 18 terms and conditions as specified in the mapping given in <a href="#">Section F Annex F-2</a> . BSC Section H3, specified in the mapping, will be amended to require that the BSC Panel inform the DIP Manger of any Defaults. However, this change is considered to be neutral against and consistent with the EBGL terms and conditions. P474 will also not extend the current mapping, as the DIP Supplement does not contain any requirements relevant to the EBGL terms and conditions.

Impact on Code Subsidiary Documents	
CSD	Potential Impact
None	N/A

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

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Ancillary Services Agreements	None

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Connection and Use of System Code	None
Data Transfer Services Agreement	None
Distribution Code	None
Grid Code	None
Retail Energy Code	Amendments to require REC Parties that are also DIP Users to comply with the DIP Rules. The REC have drafted the changes need for DIP. These changes will be included as part of the main MHHS CR Mod later this summer. The REC changes will need to be in place for M8.
Smart Energy Code	None – some SEC Parties will be opt-in DIP Users but as this is not mandatory there is no need for a requirement within SEC for them to comply with the DIP Rules
Supplemental Agreements	None
System Operator-Transmission Owner Code	None
Transmission Licence	None
Use of Interconnector Agreement	None

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

This Modification Proposal is raised to deliver Ofgem’s SCR on Electricity Settlement Reform and will be progressed as an Authority Led SCR Modification Proposal.

Other Impacts	
Item impacted	Potential Impact
None	N/A

## Authority Led SCR Modification Consultation Questions

Will P474 impact your organisation?

*If it will impact, please provide a description of the impact(s) and any activities which you will need to undertake between approval and implementation (including any necessary changes to your systems, documents and processes) and any on-going operational impacts. Where applicable, please state any difference in impacts between the proposed solutions.*

How much will it cost your organisation to implement P474?

*If any, please provide details of these costs and how they arise. Where applicable, please state any difference in costs between the different roles.*

What will the ongoing cost of P474 be to your organisation?

*If any, please provide details of these costs and how they arise. Where applicable, please state any difference in costs between the different roles.*

How long (from the point of approval) would you need to implement P474?

*Please provide an explanation of your required lead time, and which activities are the key drivers behind the timescale.*

Do you agree with the Proposer's view on the benefits of P474?

*Please provide your rationale.*

The Panel invites you to give your views using the response form in Attachment D

### Recommended Implementation Date

The Panel recommends an Implementation Date for P474 of:

- 1 October 2024, as part of a Non-Standard BSC Release if the decision is received on or before 17 September 2024; or
- 10 Working Days after Authority decision as part of a Special BSC Release if a decision is received after 17 September.

This is to ensure that the DIP change management processes, and the governance rules that give them effect, are effective for the Transition period to allow collaboration on DIP change between the Programme and the DIP Manager.

#### Authority Led SCR Modification Consultation Questions

Do you agree with the Panel's recommended Implementation Date?

*Please provide your rationale.*

The Panel invites you to give your views using the response form in Attachment D

The proposed legal text includes provisions for the DIP Rules to come into effect in a staggered manner as part of the transition of responsibility for the DIP from the MHHS Programme development teams to the DIP Manager. This will ensure the Market Participant experience and continuity of service is not effected.

A similar approach to that employed by [P344 'Project TERRE implementation into GB market arrangements'](#)<sup>21</sup> is proposed, where sections of the legal text came into effect from the date of a notice rather than from the Implementation Date itself.

DSD001 Annex One 'DIP Rules Implementation Dates and Transition Arrangements' details the arrangements and the dates at which the chapters of the DIP Supplement and DSDs come into effect, in line with the DIP Transition Plan.

The governance and change management arrangements (chapter 1, 2 and 5 of the DIP Supplement and DSD001 and DSD004) are required for the dual running portion of the DIP Transition Plan, and so should become effective at the Implementation date.

The cost recovery arrangements (chapter 6 of the DIP Supplement and DSD005) are only required once funding of the DIP is passed from the MHHS Programme to the DIP Manager, which will be MHHS Programme's Milestone 16 (M16).

The other chapters and subsidiary documents would come into effect at the MHHS Programme's Milestone 10 (M10), according to the [Programme Plan](#)<sup>22</sup>.

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<sup>21</sup> <https://www.elexon.co.uk/mod-proposal/p344/>

<sup>22</sup> <https://www.mhhsprogramme.co.uk/planning/programme-plan-complementary-documents>

The table below shows dates from which each chapter of the DIP Supplement and DSD will be effective.

DIP Rules effective dates			
Document	Chapter	Title	DIP Rules First Compliance Date
DIP Supplement	1	General	Implementation date
DIP Supplement	2	Governance	Implementation date
DIP Supplement	3	DIP Connections and Operations	M10
DIP Supplement	4	Assurance	M10
DIP Supplement	5	Change Management	Implementation date
DIP Supplement	6	Cost Recovery	M16
DIP Supplement	7	Data Management	M10
DSD001	-	Governance	Implementation date
DSD002	-	DIP Connection and Operations	M10
DSD003	-	Assurance and Reporting	M10
DSD004	-	DIP Change and Document Management	Implementation date
DSD005	-	Funding and Budgeting	M16
DSD006	-	Data Management	M10
DSD007	-	DIP Glossary	Implementation date

## 7 Panel's Initial Discussions

The P474 Initial Authority Led SCR Modification Report was presented to the Panel at its meeting on 13 June 2024 ([351/10](#)<sup>23</sup>).

A Panel Member queried why the cost estimates for implementing P474 were higher for Elexon than for industry. Elexon explained that the implementation costs included the costs for development of the DIP arrangements and drafting based on time estimations for Elexon and industry during Issue 101. This included estimations for time spent in Workgroup meetings, preparing and reviewing documents, and on responding to consultations. It has since been confirmed that, for Elexon, the majority of the time estimation was for the drafting and internal review of the legal text and subsidiary documents which underwent several iterations.

The BSC Panel unanimously agreed with all Initial Authority Led SCR Modification Report recommendations. They agreed an initial recommendation that P474 should be approved, believing that it would better facilitate Applicable BSC Objective (c) and (d) compared to the existing baseline

The Panel agreed that P474 does impact the BSC provisions that constitute EBGL Article 18 Terms and Conditions, but that P474 was consistent with the EBGL Objectives.

### Authority Led SCR Modification Consultation Questions

Do you agree with the Panel's initial unanimous recommendation that P474 should be approved?

*Please provide your rationale with reference to the Applicable BSC Objectives.*

Do you agree with the Panel's initial consideration that P474 does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

*Please provide your rationale.*

Do you have any comments on the impact of 474 on the EBGL objectives?

*Please provide your rationale.*

The Panel invites you to give your views using the response form in Attachment D

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<sup>23</sup><https://www.elexon.co.uk/meeting/bsc-panel-351/>

## 8 Recommendations

The BSC Panel initially recommends to the Authority:

- That P474 should be **approved**;
- That P474 **does** impact the EBGL Article 18 terms and conditions held within the BSC;
- That P474 is consistent with the EBGL objectives;
- An Implementation Date for P474 of:
  - **1 October 2024**, as part of a Non-Standard BSC Release if the decision is received on or before 17 September 2024; or
  - **10 Working Days after Authority decision** as part of a Special BSC Release if a decision is received after 17 September; and
- The draft Legal Text for P474.

## Appendix 1: Amendments to the Proposed Solution

The P474 Proposed Solution is based on the proposal from the Issue 101 Issue Report. However, following review by Ofgem there have been a few notable amendments to the legal text, as detailed in the following table.

Differences from the Issue 101 proposal to the P474 proposal	
Location	Amendment to P474 drafting
BSC Section D 4.7 'Combined invoicing of DIP Charges'	Clarification that, if BSCCo chooses to issue one invoice containing both BSC and DIP Charges, DIP Charges must be shown as a separate line item.
BSC Section D 6.7 'DIP Charges'	Clarification that any disputes relating to DIP Charges shall be addressed through the DIP Rules.
BSC Section F	Removal of references to the procedures in Section F not applying to the DIP Supplement – changes to the DIP Supplement will now follow BSC Modification Procedures.
BSC Section F 1.9 'Interpretation'	Addition of the definition of Code Embedded DIP Rules – any parts of the BSC that pertain to the DIP.
BSC Section F 1.9 'Interpretation'	Addition of the DIP Manger as an interested third party in relation to consultation.
BSC Section F 2.1 'Modification Proposals'	Addition that the DIP Manger can raise a Modification Proposal that amends the DIP Supplement or a Code Embedded DIP Rule.
BSC Section F 2.6 'Assessment Procedure'	Addition of the requirement for analysis and impact assessment from the DIP Manager for any Modification that would impact the DIP Supplement or any Code Embedded DIP Rules.
BSC Section F 2.7 'Report Phase'	Addition of the requirement for analysis and impact assessment from the DIP Manager to be included in the Modification Report for any Modification that would impact the DIP Supplement or any Code Embedded DIP Rules where the proposal has not been submitted to a Workgroup prior to the Report Phase.
BSC Section F 2.8A 'Analysis of the DIP Manager'	Clarification added that analysis of a Modification by the DIP Manager should include impacts to the DIP, assessment against the DIP Applicable Objectives, and any other analysis that the DIP Manager and/or the DCAB reasonably consider relevant.
BSC Section F Annex F-1 'Contents of Reports'	Addition of impact assessments by the DIP Manager for Modifications related to the DIP Rules to the list of considerations for the Workgroup report.
BSC Section H 1.3A 'The DIP Supplement'	Clarification that non-payment of DIP Charges would be a Section H default enforced by the Panel, and removal of references to the BSC Modification Procedures not applying to the DIP Supplement.
BSC Section X-1	Addition of DIP terms that have been in BSC Sections, e.g. DIP Rules and DCAB.
BSC Section X-1	Amendment of the definition of Self- Governance Criteria to exclude changes to the DIP Supplement.

Differences from the Issue 101 proposal to the P474 proposal

<b>Location</b>	<b>Amendment to P474 drafting</b>
DIP Supplement 1.2 'General'	Amendment to reflect the fact that changes to the DIP Supplement will follow BSC Modification Procedures.
DIP Supplement 2 'Governance'	Process level information moved to the relevant DSD – DSD001 'DIP Governance'.
DIP Supplement 3.1 'DIP On-Boarding'	Process level information moved to the relevant DSD – DSD002 'DIP Connection and Operation'.
DIP Supplement 4.2 'DIP Assurance Strategy'	Process level information moved to the relevant DSD – DSD003 'Assurance and Reporting'.
DIP Supplement 5 'Change Management'	Amendments to reflect the fact that changes to the DIP Supplement will be subject to the BSC Modification Procedures.