

Elexon Business Plan 2025–2026



01 Overview

02 Settlement Services

03 MHHS
Implementation

04 Market facilitator
for distributed
flexibility

05 Technology and
digitalisation
progress

06 Customer and
Code Management

07 People Strategy

08 Budget

01 Overview



Overview

01 Overview

- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget



The Government is determined to ensure a secure, clean power system by 2030 (Clean Power 2030 - CP30). This is leading all market participants to focus on what needs to be done to deliver this aim, and clarify what their role in this might be. As the National Energy System Operator (NESO) described it in its advice to Government in October 2024: ‘to achieve clean power by 2030, a once in a generation shift in approach and in the pace of delivery is required’ and ‘several elements must deliver at the limit of what is feasible.’

Both of the potential clean power pathways set out by NESO in its advice to Government require a huge expansion of demand and supply-side flexibility. Elexon is playing a key role in enabling this and 2025 marks the start of a crucial delivery phase for us. In 2025, Elexon will begin the migration process to half-hourly settlement of meters, in the next phase of the Market-wide Half-Hourly Settlement (MHHS) Programme that we lead as Implementation Manager and work within as a participant through our

Helix Programme. 2025 will also see the completion of Elexon’s set-up arrangements to perform the role of market facilitator for flexibility, which we were granted by Ofgem in 2024. These are key initiatives to support the Government’s decarbonisation goals and encourage the greater uptake of flexibility by consumers.

Half-hourly settlement is an enabling reform for innovation in tariffs, products and services that encourage both flexibility and greater efficiency in how the system is managed. As the market facilitator, Elexon will be working with market participants to increase the use of flexibility. This is an integral role given NESO’s estimates that the system will need some five times as much demand-side response as is currently available in order to reach CP30.

The investment we are making in our systems to support half-hourly settlement will deliver near-term benefits for Parties which include faster Settlement, and visibility of smart meter consumption data.

Overview (continued)

- 01 **Overview**
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Our business plan also details the significant improvements that Elexon will deliver for Parties. These include additional functionality for the digital code, moving to a ‘single sign on’ solution for accessing Elexon services digitally and reducing our number of websites to make engaging with our services easier.

In addition to the elements highlighted above, and Elexon’s core duty to continue to deliver excellent, accurate Settlement services to Parties, the role we play will also expand in other ways over the coming year.

As Elexon starts to transition meters to half-hourly settlement, we will begin to make the associated data available to Parties and any stakeholders that want to use it to develop new products and services.

Elexon will be providing that service through the smart meter data repository that we have built on the Kinnect platform. From September 2025, Elexon will also begin operating the Data Integration Platform (DIP),

which is a ‘next generation’ messaging infrastructure that enables the exchange of half-hourly data.

The expansion of Elexon’s role, and the new services and improvements referred to, will change our cost base in 2025/26. That cost base has also been impacted by Ofgem’s decision on Change Request [CR055](#) (on 29 November 2024) to approve the MHHS Programme’s request to move the date of milestone 10 (M10) of the programme (and subsequent milestones), by six and a half months from March 2025 to September 2025. M10 represents when Elexon’s central systems are to be ready for migrating meters to the new arrangements.

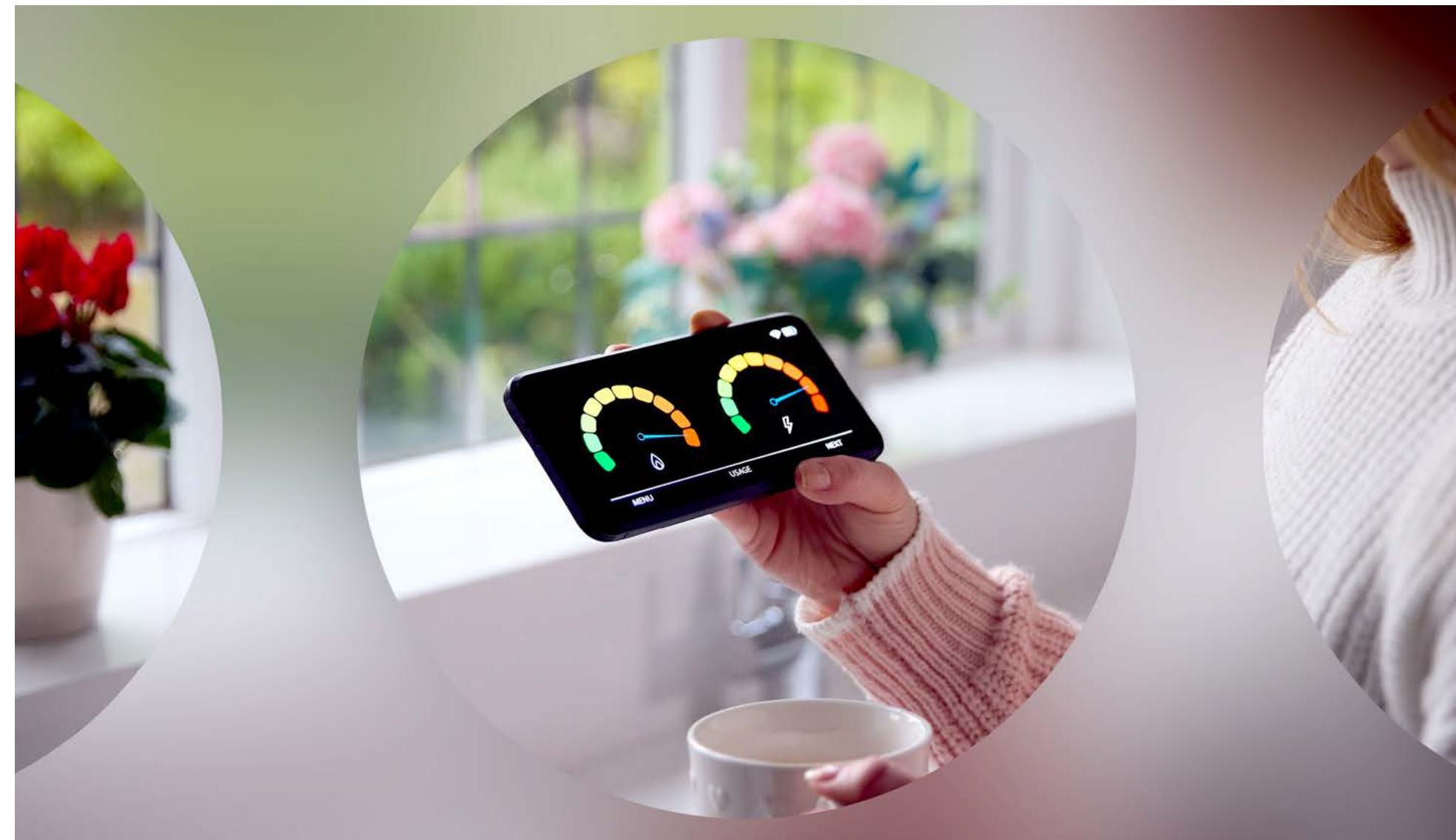


Overview (continued)

- 01 **Overview**
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

The request to Ofgem was made because progress of the MHHS System Integration Testing (SIT) has been slower than expected and is designed to ensure that sufficient time is taken to complete robust testing for the new arrangements. This is necessary as all participants need to have full confidence in the systems that industry will use to ensure that half-hourly settlement will function effectively from day one.

The MHHS Programme and Helix Programme are both major changes to market arrangements and central systems, involving the qualification of more than 200 participants and cut over to the new Settlement timetable in July 2027. From October 2025, Elexon will be dual-running half-hourly and non-half-hourly settlement (to accommodate participants at various stages of the Programme), and the amount of data we process will increase exponentially. Once half-hourly settlement is fully implemented, Elexon will be processing around 500 billion meter readings per year. This is discussed in more detail in



the MHHS Implementation and Helix Programme update sections of the business plan.

As a result of the experience Elexon has gained so far on the SIT phase, we have decided to increase our support to companies that are not involved in SIT, to help with their qualification and their migration to the new MHHS systems. Other additional costs include additional headcount relating to the

market facilitator role and the DIP, as well as increased cloud costs to store data, due to the much higher levels of data to be processed. As set out in more detail in the Budget section of this plan, the increase in costs largely relates to the impact of the delay to M10. However, it also includes additional costs to deliver Elexon's enhanced role following the transition from the MHHS Programme to Elexon at M10.

Based on our expected requirements, Elexon has budgeted for what we consider to be an appropriate level of contingency, to support our commitment to work with all participants to complete implementation successfully, and according to the new timelines Ofgem has agreed to in the CR055 decision. As a not-for-profit entity, funded by electricity market participants, Elexon does not carry any reserves or retained capital and any underspend against budget is always returned to BSC Parties. This means that we return money if we make savings, or if it transpires that some funds are not required. In light of this financial structure, budgeting for uncertainties in advance of any new financial year with no other access to working capital requires prudence and careful consideration.

There are a number of uncertainties that Elexon is not able to quantify accurately as we have been preparing this plan, and we have therefore had to allow for potential unexpected items. For example, there is uncertainty

Overview (continued)

- 01 **Overview**
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

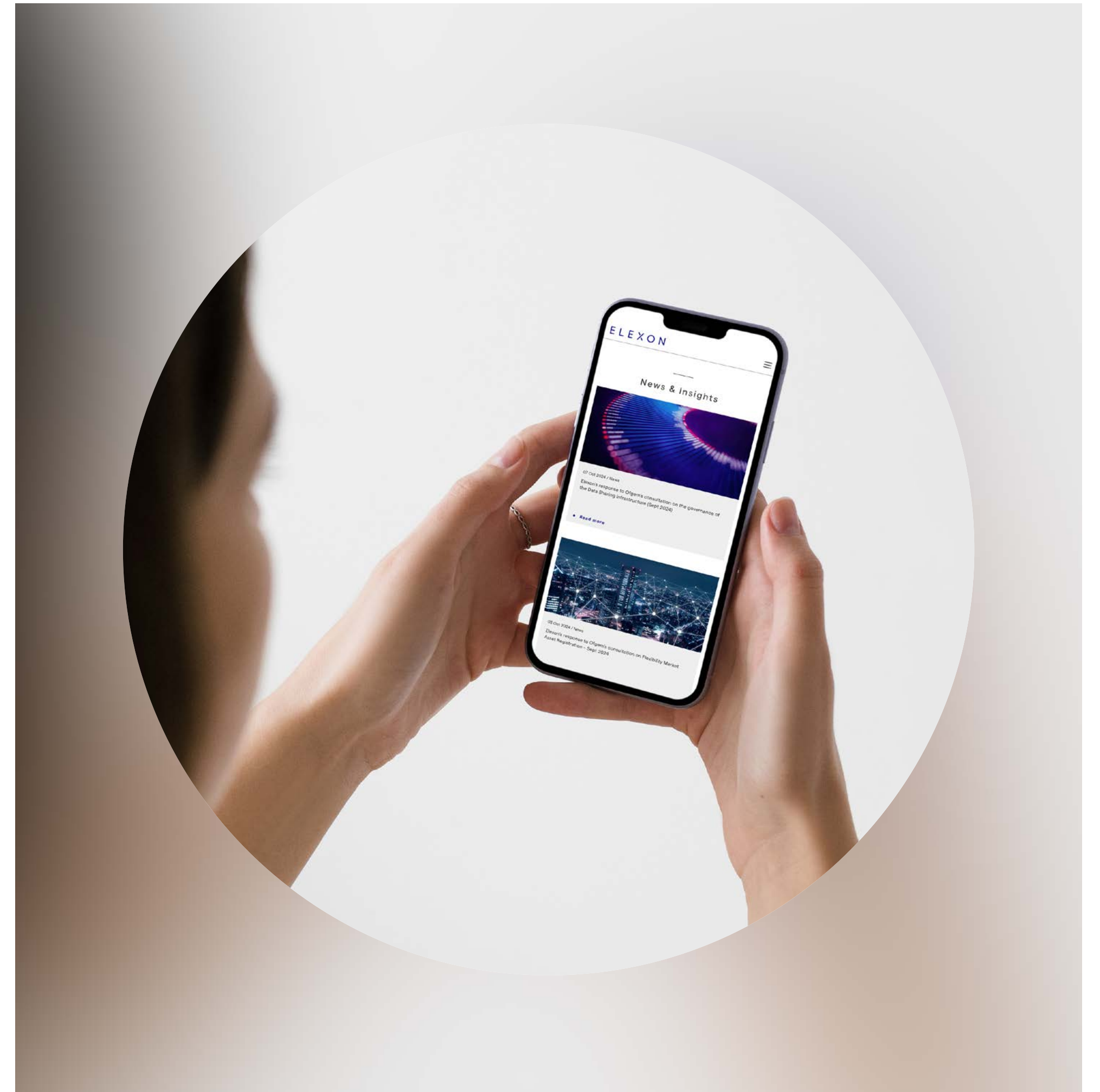
around accurately forecasting the exact number of additional roles needed in the coming year, as Elexon transitions to operating under the new half-hourly settlement model, delivering the market facilitator role, and becoming a licensed code manager, as part of Ofgem's Code Reforms. Ofgem has also proposed that, in our role as market facilitator, Elexon should lead the enabling and design work for the [Flexibility Market Asset Register](#) (FMAR) with a target of deploying it between 2025 and 2028. Elexon has therefore taken a best view of what the appropriate headcount and other resources should be for these functions when preparing the plan.

Despite this uncertainty, Elexon will continue to endeavour to set challenging financial and efficiency targets for the business, which ensure that we deliver the best possible value for money to the industry.

Taking together the expansion of our role, the addition of other new services, the impact of the re-phasing of half-hourly settlement, the dual-running referred to above, and the need to

provide for uncertainty, the Elexon Board has approved for consultation with Parties a budget of £118.9m for 2025/26. This represents a significant increase on our previously expected cost projection for 2025/26, as set out in Elexon's 2024/25 business plan. The increase of £30.3m is primarily due to the impact of half-hourly settlement, with the MHHS and Helix programmes being £25.8m of the total £30.3m increase, and the remainder mainly half-hourly transition costs.

Whilst there is an increase in budget, Elexon has made cost and efficiency savings of £3.8m, which are reflected in the 2025/26 budget. These relate to decommissioning of various systems, including the legacy Balancing Mechanism Reporting Service (which was replaced by the Insights Solution as Elexon's wholesale market data system in May 2024), as well as savings resulting from the ending of the Radio Teleswitch Service, due in June 2025.



Overview (continued)

01 Overview

02 Settlement Services

03 MHHS
Implementation

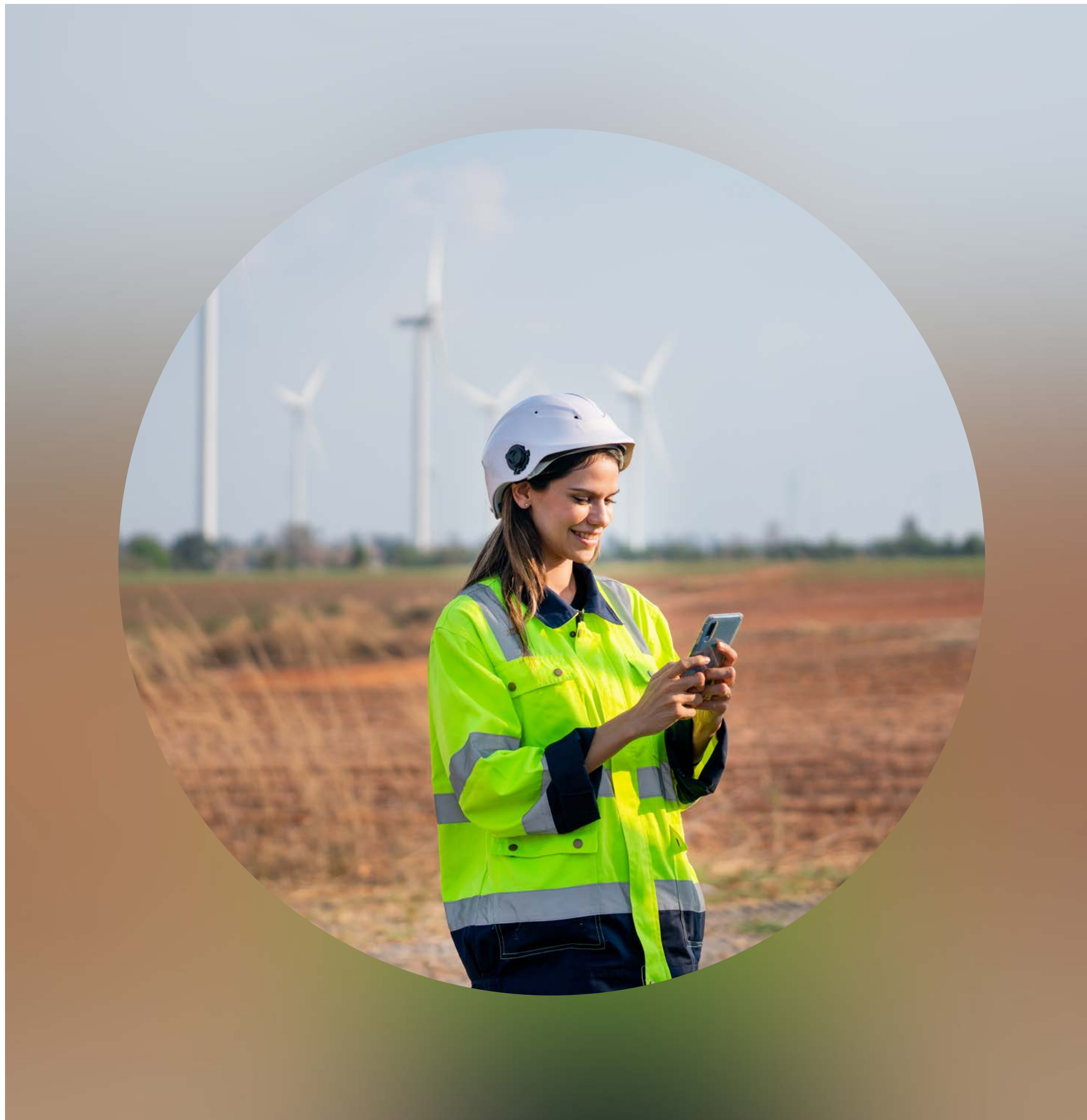
04 Market facilitator
for distributed
flexibility

05 Technology and
digitalisation
progress

06 Customer and
Code Management

07 People Strategy

08 Budget



We also expect to be able to return monies to Parties in respect of the 2024/25 business plan year, which we are currently quantifying, but expect to be in the region of £3m.

Our plan is structured around the following key areas, representing the major programmes, work and value streams that Elexon delivers:

- Settlement Services
- MHHS Implementation
- Market facilitator for distributed flexibility
- Technology and digitalisation progress
- Customer and code management
- Our People Strategy
- The three-year Financial Plan including first year 2025/26 budget.

Elexon welcomes feedback from BSC Parties on the business plan. You can contact communications@elexon.co.uk to share your views.

We will present your feedback to Elexon's Board in March 2025. Following any feedback received, the Board will make the final decision on whether to approve the business plan and Elexon's budget. A final version of the plan will be published at the end of March 2025.

Finally, on behalf of the Board, we would like to acknowledge and thank BSC Parties, all Workgroup members, the BSC Panel, all the BSC committees, and all Elexon colleagues for your continuing support of the work that we do.

Sara Vaughan

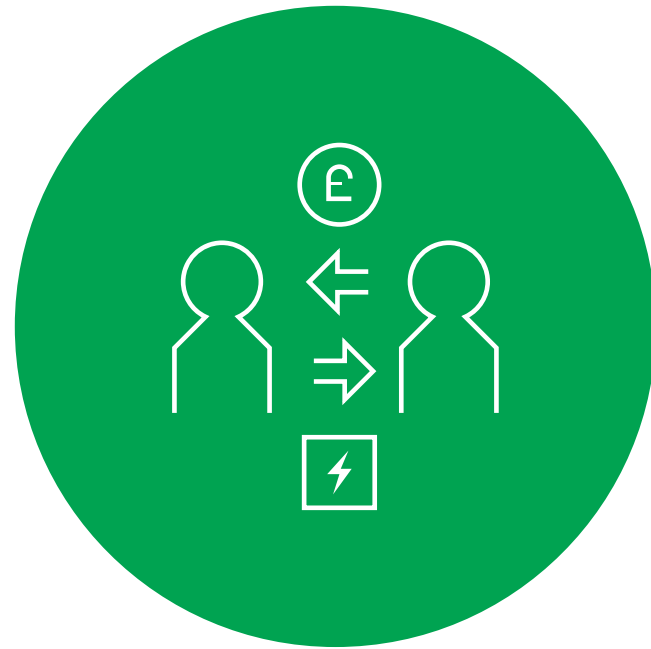
Chair of Elexon Limited and the BSC Panel

Peter Stanley

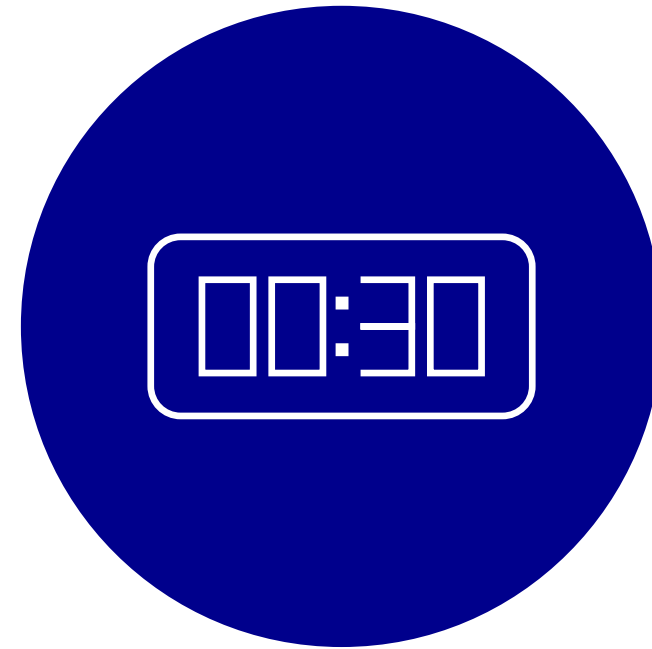
Elexon Chief Executive Officer

Elexon Services and Programmes

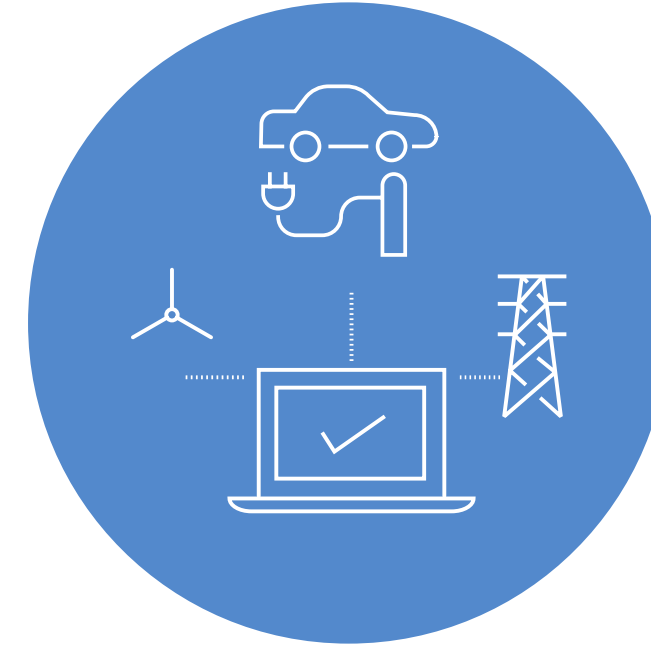
- 01 **Overview**
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget



Settlement Services



MHHS Implementation



Market facilitator for distributed flexibility



Technology and digitalisation progress



Customer and Code Management

Business Plan Timeline

- Settlement Services
- MHHS Implementation
- Market facilitator for distributed flexibility
- Technology and digitalisation progress
- Customer and Code Management

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Quarter 4 — 2024/25	Quarter 1 — 2025/26	Quarter 2 — 2025/26	Quarter 3 — 2025/26	Quarter 4 — 2025/26
ECVAA and CDCA migrated to Oracle cloud				
Implementation of P442 and P469		Exelon Support service management expanded to cover MHHS Target Operating Model		
MHHS participants qualification (runs to Q2 2027)				
New Funds Administration Agent goes live	Compensation payments begin for Network Charge Compensation scheme		Dual running of Settlement begins (October 2025)	
	Ofgem decision on market facilitator role scope	System Integration Testing for the Minimum Viable Cohort Complete	Implementation P478	
	Exelon to develop proposals for market facilitator funding and governance arrangements	MHHS Milestone 10 (Sept 2025) central systems ready for migrating meters	From October 2025: start of data availability on our Smart Meter Data Repository (from meters transitioning to central systems for half-hourly settlement)	
Independent CBA for Modification P462 proposal		Exelon takes on operation of the DIP	Suppliers begin the transition of their meters to the central systems (October 2025)	
Single Sign On to all of our other services continues				
		Helix Programme - load shaping service is switched on		Digital Code: Application Programming Interface (API) functionality available so that users can extract documentation relevant to their company's role
		Digital Code AI chatbot made available	Market Facilitator - Ofgem's decisions on governance and funding. Implementation of enduring governance arrangements	Exelon to become licensed code manager
		Implementation of P444 (if approved)		
			Market Facilitator operations begin (from late 2025)	

01 Overview

02 Settlement Services

03 MHHS
Implementation

04 Market facilitator
for distributed
flexibility

05 Technology and
digitalisation
progress

06 Customer and
Code Management

07 People Strategy

08 Budget

02 Settlement Services



Settlement Services

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

New Funds Payment Service systems to be launched providing a better customer experience for Parties

Elexon’s core remit is to manage Settlement to our continued high standards and, after completion of the delivery of our Kinnect platform, we are committed to capturing the benefits of this for Parties. These include both efficiency savings that we can deliver by implementing BSC changes more quickly, and improved Settlement accuracy.

Our new Funds Administration Agent, to transfer Settlement funds to Parties, will go live during spring 2025, implementing a modern solution that delivers automation and drives efficiency for BSC Parties when using Elexon’s systems. Through this, we have introduced several improvements for BSC Parties, such as simplified invoices and a reduction in the volume of documents sent to customers.

Migration of Energy Volume Aggregation Agent and Central Data Collection Agent systems to Oracle cloud environment to speed up delivery of BSC changes

In spring 2025, Elexon will migrate two key systems for Settlement, the Energy Contract Volume Aggregation Agent (ECVAA) and Central Data Collection Agent (CDCA), to the Kinnect platform. The ECVAA receives notifications of bilateral trades between Trading Parties, time-stamping and validating the trade before sending the data to Elexon’s Settlement Administration Agent (SAA). The CDCA is responsible for collecting, validating, processing and aggregating Central Volume Allocation (CVA) metered data, enabling Settlement to meet the payment calendar.

We will be assessing opportunities to enhance the Central Data Collection Agent (CDCA) to provide metered data closer to real-time, with automation and an enhanced method of estimation.

New Funds Administration Agent (FAA)

We are developing a new FAA which will modernise banking processes for the transfer of Settlement funds between Elexon and Parties



Benefits

- Better customer experience
- A scalable solution that can meet future customer needs
- Customers will receive simpler invoices and be able to query historic data through self-service
- Increased efficiency and reduced risk of error in the billing process

Next steps

We plan to implement the new FAA in Q4 2024/25

Settlement Services (continued)

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

This will enable the solution for Modification [P479](#) 'Amendments to the Credit Cover calculations', if it is approved. P479 proposes to allow BSC Parties to lodge Credit Cover that is more reflective of debt incurred, leading to greater certainty in planning and a reduction in costs for Parties. Under the current timetable, the BSC Panel are due to make a recommendation to Ofgem on P479 in April 2026.

We will also be exploring modern data submission methods for the ECVAA system in support of the outcomes of [Issue 110](#) 'Modernising Energy Contract Volume Notification (ECVN) and Metered Volume Reallocation Notifications (MVRN) submission and acknowledgement processes.'

We will deliver a proof of concept for submission of ECVNs through an API and, subject to industry support, begin to develop a full solution.

If customers identify a significant benefit of the proposed solution, a BSC Change will need to be raised to

implement the changes to ECVAA. Improving our ECVAA technology will ensure that BSC Parties receive quicker notifications and improved security when using the service.

We had planned to deliver the new FAA service and complete the migration of the ECVAA and CDCA to the Kinnect platform in summer or autumn of 2024 (for FAA) and September 2024 for the ECVAA and CDCA. The transition has taken longer than planned due to the complexity of establishing the infrastructure environments to support the Agent applications.

Payments to more than 300 energy intensive business from April 2025 under the Network Charging Compensation (NCC) scheme.

From April 2025, Elexon will begin to make compensation payments to eligible companies for the [NCC](#) scheme. The NCC will require Elexon to engage with more than 300 energy intensive businesses such as fibre, steel and glass manufacturers.

Central Data Collection Agent (CDCA)

The CDCA collects and validates all data from meters that are part of the Central Volume Allocation. This is essential for Settlement



The Energy Contract Volume Aggregation Agent (ECVAA)

ECVAA receives details of trades between Parties and validates the data for Settlement. It also performs a credit check for each party immediately after 'gate closure'

Benefits

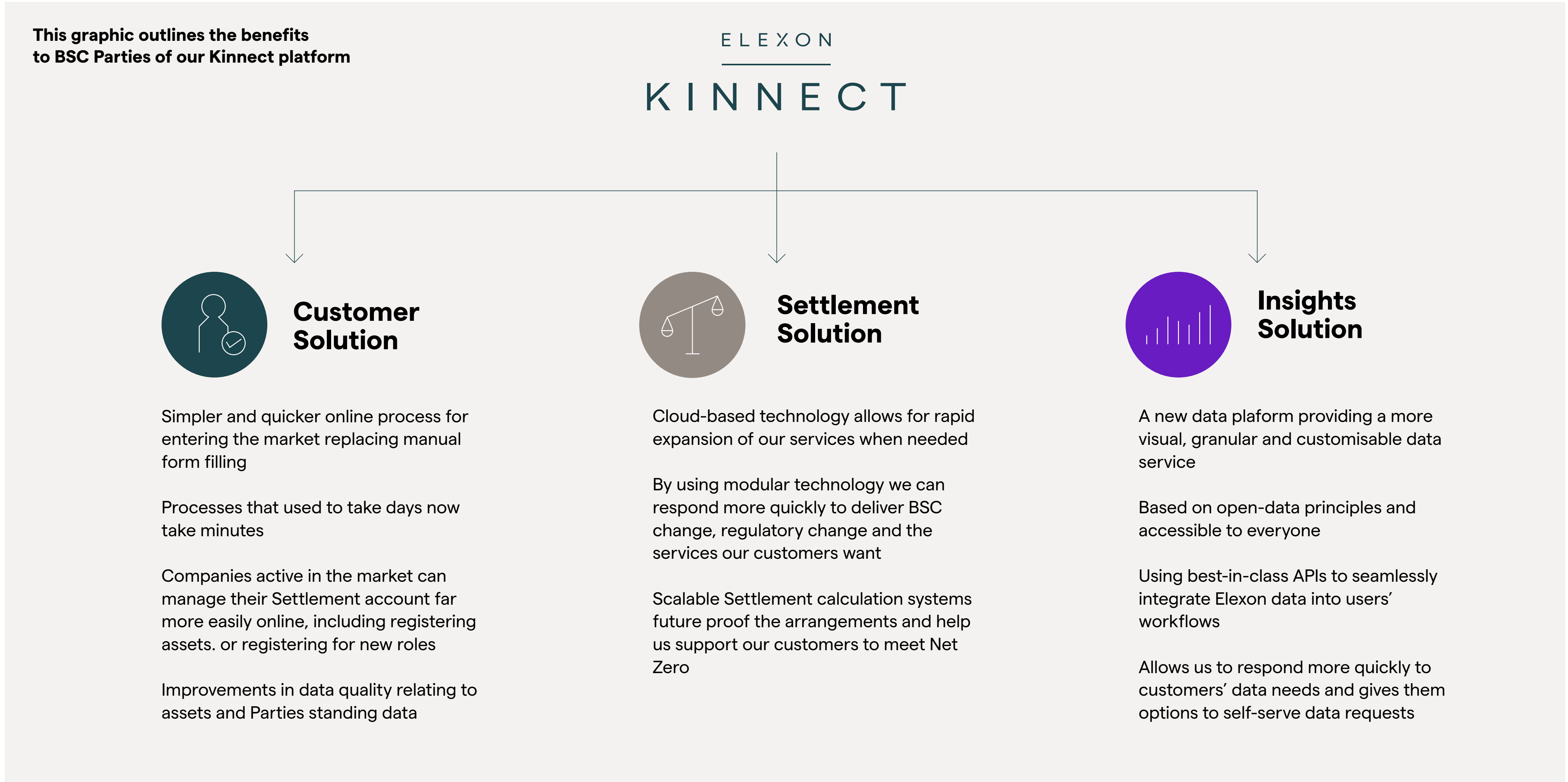
- Much improved ability for Elexon to develop changes to the BSC more quickly and test them automatically, which will speed up overall delivery of rule changes
- BSC Parties to receive quicker notifications and improved security

Next steps

Migration of ECVAA and CDCA to be completed in spring 2025

Settlement Services (continued)

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget



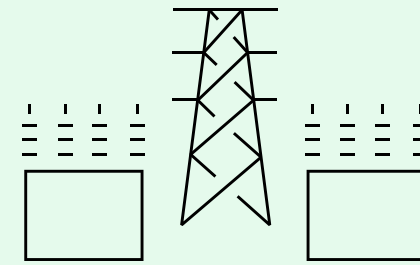
Settlement Services (continued)

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Since April 2024, Elexon has helped 59 companies register for a range of roles in the electricity market

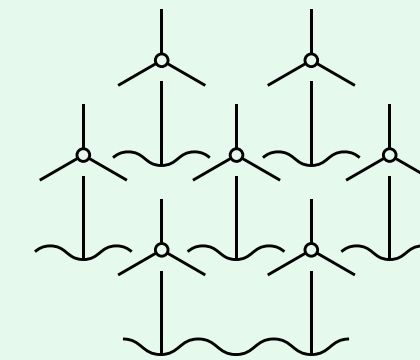
1

Electricity Distribution Business



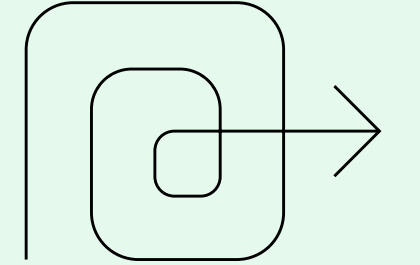
13

Generators



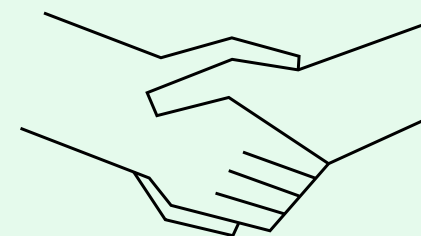
13

Interconnector Users



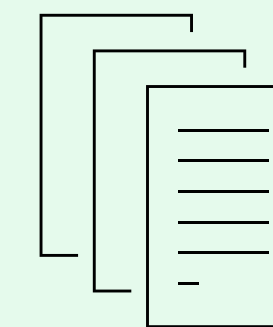
24

Non-Physical Traders



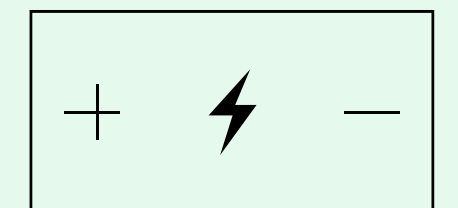
6

Suppliers



2

Virtual Lead Parties



Settlement Services

(continued)

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Completion of tendering for the new Elexon sourcing strategy in 2027/28 enabling increased value for money

The majority of Elexon's costs for delivering the BSC arrangements come from the contracted expenditure of BSC Agents and contracted service providers for running BSC Central Systems. These are predominantly fixed costs, linked to indexation. Some of our contracts with third-party technology providers are due to expire during the three-year cycle of the business plan.

We continue to review our outsourced model of delivery to ensure we can run and develop BSC Central Systems efficiently while implementing change more rapidly. We have developed an updated sourcing strategy, which has been discussed with the BSC Panel, and is split into two phases. Phase one will ensure that fit-for-purpose, agile, modular contracts are executed to enable MHHS services to go live.

Phase two will see a staggered, risk-managed approach to re-tendering

the support and operation of our BSC Products. This will enable Elexon to maximise cost optimisation and value for money for re-tendered contracts in a risk managed way given the need to have a stable environment for half hourly transition. We expect the re-tendering exercise to be fully completed during 2027/28.

Redevelopment of Elexon websites to make it easier for BSC Parties and stakeholders to engage with Elexon

One of Elexon's strategic goals is to unify our customer experience so that there will be a seamless customer journey for browsing our digital content, or accessing our services online. We are reviewing how our customers use our websites and what their needs are for our digital products and services.

In March 2025, we will amalgamate the websites where possible, and in 2025/26 continue to develop simpler user journeys across the sites, and reposition important service information to meet customer needs.

The first stage of this work is to redevelop the front end of the BSC site (www.elexon.co.uk) and merge the site with our corporate website (Elexon.com) and the Capacity Market Advisory Group site (www.cmag.elexon.co.uk).

We expect to complete this in quarter one of 2025, alongside the introduction of a 'global search' function across all of our sites and digital services, enabling easier access and navigation. These steps will make searching for information easier and more efficient for BSC Parties.



In June 2024, we completed the first stage of work to introduce a single digital sign-on for using all Elexon services.

In 2025/26 we will complete the second phase, now using an identity management solution for accessing the Kinnect Customer Solution and we will be continuing the roll out of single sign-on to all of our other services during 2025/26.

Settlement Services

(continued)

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Electricity Market Reform Settlement Ltd

Exelon's subsidiary, EMR Settlement Ltd (EMRS), is the Settlement Services Provider to the Low Carbon Contracts Company (LCCC) and the Electricity Settlements Company (ESC). EMRS activities are ring-fenced from BSC activities. The costs of running EMRS are borne by LCCC and ESC and not by BSC Parties.

In 2025/26, EMRS will take on additional processes within the Capacity Market (CM) and will continue to provide settlement for the Contracts for Difference (CfD) scheme. EMRS will also work with the LCCC and the Department for Energy Security and Net Zero (DESNZ) to identify areas for improvement and deliver changes to the settlement of the CfD scheme.

Capacity Market

EMRS's key goal is to help simplify and optimise the Capacity Market (CM) scheme processes, making the CM more accessible for new entrants and those participating in it. EMRS is working with LCCC and NESO on

the provision of data to facilitate and manage the [Satisfactory Performance Day tests](#). These are tests to show that Capacity Providers can satisfy their obligations to provide capacity within the CM and demonstrate the optimisation of processes specific to demand side response.

Nuclear Regulated Asset Base

Depending on a final investment decision to be taken by Government and investors in the proposed Sizewell C reactor, EMRS will begin settling the new [Nuclear Regulated Asset Base](#) (RAB) scheme for this reactor.

Transforming internal business architecture to allow for higher volumes of data processing

EMRS will be transforming its internal business architecture and systems from on-premise applications to microservices in the cloud.

This work is being delivered in phases over three years. By breaking processes into smaller, integrated segments, EMRS aims to reduce the time required to test; enable the

introduction of multiple workstreams of change across parallel services, and ensure that the core settlement systems are better equipped to process greater amounts of data from Exelon. This will also provide EMRS with the ability to offer settlement services for new schemes in the future at a quicker pace.

Supporting the Review of Electricity Market Arrangements (REMA)

EMRS, alongside Exelon, will continue to provide expertise on the CM and CfD to the Government for the next steps of the REMA, from the perspective of both Exelon and LCCC.

Preparing for half-hourly settlement

EMRS is a customer of data produced by Exelon and will be implementing changes to EMRS's data ingestion and processing, to facilitate the use of half-hourly data streams. EMRS will be working with the LCCC to help inform decisions on the rules and legislation underpinning the CM, CfD and Nuclear RAB, as a result of changes brought about by MHHS and the Helix Programme.

The aim is to ensure that data and reconciliation of these schemes are in line with the new settlement calendar.

“EMRS's key goal is to help simplify and optimise the Capacity Market scheme processes, making it more accessible for new entrants and those participating in it.”

Settlement Services (continued)

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Key BSC Modifications (demand-led) to support transformation of the electricity market



February 2025 BSC Release: changes allowing for exempt supply to be treated correctly and improved Credit Cover arrangements

In February 2025, we will implement two significant changes which support improved outcomes for consumers, and fulfil the aims of Elexon, the BSC Panel and the Credit Committee. This is to ensure that the BSC credit arrangements continue to strike the right balance between giving sufficient protection to the market from Supplier failure, while not being too much of a burden on market participants.

There is currently no process in the BSC for the allocation of Supplier volumes to EMRS, where a portion should be from exempt supply, and another portion should be from licensed supply. Through implementation of [P442](#) 'Reporting chargeable volumes for exempt and licensed supply' we are creating a new third-party agent service which will calculate the volumes of licensed and exempt supply, and submit these to BSC Systems.

The main benefit of this proposal is to allow exempt supply to be treated correctly in terms of Electricity Market Reform (EMR) levies (which are only chargeable on licensed supply).

Elexon has been reviewing the BSC credit cover arrangements with industry through the [Issue 106](#) group. The development of [P469](#) 'Credit Default Refusal and Rejection Period' and [P479](#) (mentioned in the ECVAA and CDCA section of the business plan) are some of the outcomes of this work.

Through [P469](#), Elexon will introduce a new two-hour window from when we publish information about a company entering Level 2 Credit Default, until the ECVAA and/or MVRNs relating to the defaulting party (which will increase the Credit default) are rejected and refused. Currently, a much shorter window exists, but allowing up to two hours would make it easier and more practical to trade-out potential consequential imbalances for Parties affected by a default. This is expected to benefit Parties by enabling collateral requirements to be reduced.

Settlement Services

(continued)

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Elxon's demand-led budget primarily comprises costs for developing, delivering and implementing BSC changes. In the budget section, we explain that we have allocated £2.0m for this in 2025/26, a £2.0m reduction compared with 2024/25. We consider that the £2.0m budget for 2025/26 is sufficient to deliver current work on Modifications.

The key Modifications we will be working on during 2025/26 are explained below.

P444: Ensuring that Suppliers are compensated for Virtual Lead Party actions

Alongside Modification P415 (see below), we have progressed [P444](#) 'Compensation for Virtual Lead Party (VLP) actions in the Balancing Mechanism (BM)', which will introduce an associated compensation method for any volumes in the BM that are adjusted by VLPs. This change is necessary so that Suppliers that are impacted commercially by VLP actions are not left with a cost from the BM that they cannot recover. In September

2023, Ofgem sent back P444 for further analysis. Following additional work by Elxon and the Workgroup, an analysis report that addressed the requirements of the 'send back' was developed and issued to Ofgem as part of the revised Modification Report. We plan to implement P444 in November 2025 (if Ofgem makes a decision to approve it by 6 April 2025).

P462: Reducing consumer costs potentially caused by interactions between the Balancing Mechanism and support mechanisms

We will continue to work on Modification [P462](#) 'The removal of subsidies from Bid Prices in the Balancing Mechanism'. This Modification, raised originally by NGENSO, aims to reduce the consumer costs that are potentially caused by the interaction between the BM and support mechanism arrangements.

The intent is that, by removing the distortion of support mechanisms such as CfDs and the Renewables Obligation, there will be a reduction in actions being taken outside of

the consumer cost order when following the Bid stack merit order. In quarter four of 2024/25, a third-party consultant will perform a Cost Benefit Analysis for Elxon to assess objectively the potential benefits and impacts of the change.

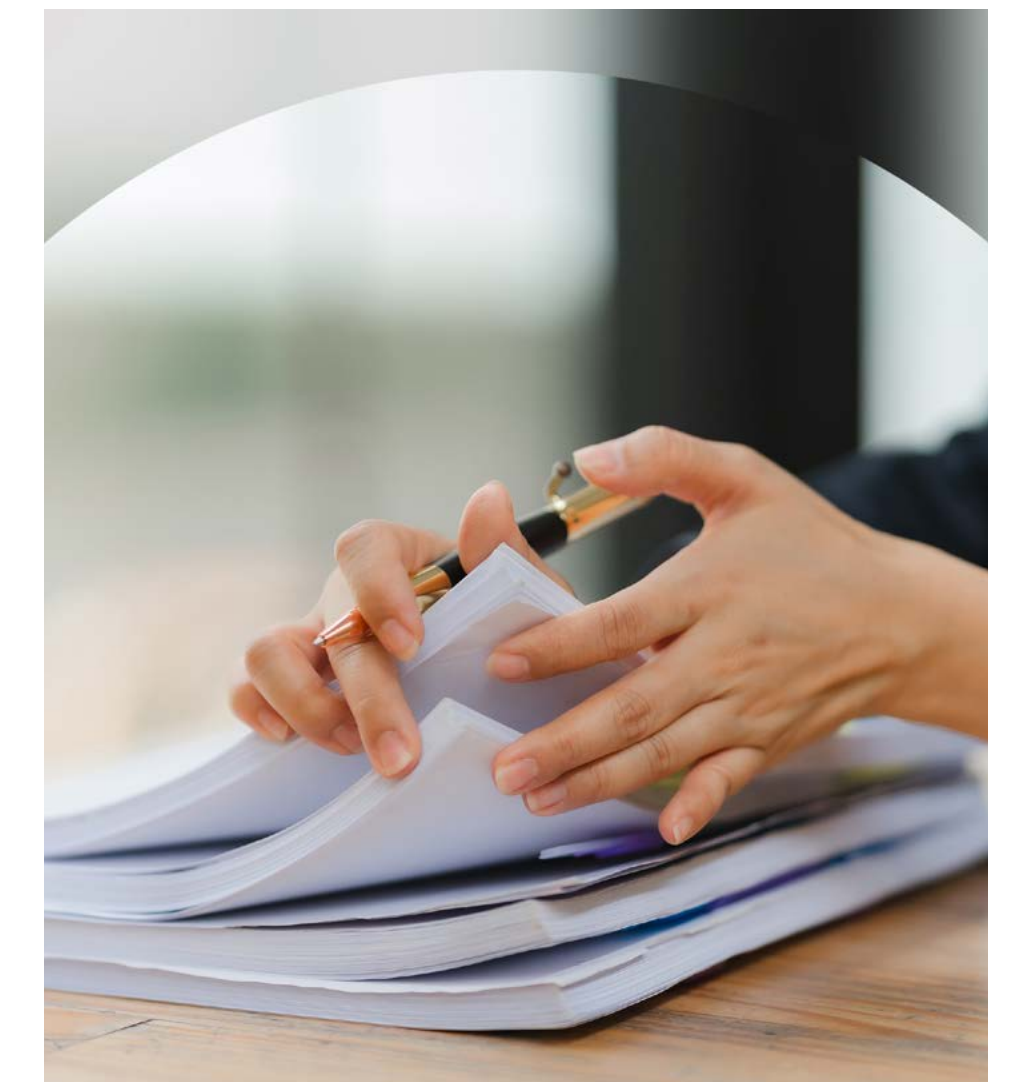
P478: Changes to the BSC to facilitate the MHHS Target Operating Model (TOM)

We will also be working to implement Modification P478 'Implementation of Market-wide Half-Hourly Settlement (MHHS) Arrangements' in accordance with the MHHS Programme's milestone 8 (M8). M8 is when all changes to regulation licences and industry codes including the BSC, must have been made, setting out the regulatory baseline. We currently expect to implement P478 at the M8 MHHS milestone 'Code changes delivered'.

P478 will introduce the necessary changes to the BSC to facilitate half-hourly settlement and is a key enabler of the MHHS Target Operating Model set out by Ofgem, which in turn contributes to CP30 and our wider

Net Zero goals. As the M10 milestone approaches next year, we are expecting an increase in the number of Change Proposals, particularly around half-hourly settlement.

Further detail on the status of all Modifications and BSC changes that Elxon is working on is available on the [BSC change webpage](#).



Settlement Services

(continued)

- 01 Overview
- 02 Settlement Services**
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget



Since January 2024 we have implemented 15 BSC Modifications and 12 Change Proposals.

Key changes include:

- Modification [P415](#): a landmark change to support decarbonisation goals by opening up the wholesale market to independent aggregators. Elexon opened up the Balancing Mechanism to independent aggregators in 2019 and currently 22 of them are registered (as Virtual Lead Parties) to participate in it
- Modification [P475](#) which will give all electricity storage sites powers to set and fix their own 'production and consumption' flags. This is important for supporting development of storage by reducing financial exposure that asset owners face
- Modification [P455](#) which establishes a more cost-effective method for delivering Third Party Access to private networks for households and small businesses, and aids switching of Supplier
- Modification [P432](#) which requires all Current Transformer Advanced Meters to settle half hourly in advance of the MHHS migration.

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation**
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

03 MHHS Implementation



MHHS Implementation

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation**
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Exelon is leading the MHHS Programme as the Implementation Manager. Half-hourly settlement will be a key enabler for a smarter, more flexible energy system and will be vital in supporting flexible solutions to enable the nation's transition to Net Zero. It will contribute to a more cost-effective and decarbonised electricity system, encouraging more flexible use of energy and helping consumers to lower their bills.

The MHHS reform will see the electricity industry working together in a significant move forward in how electricity is used and accounted for. The outcome of MHHS will be a faster, more accurate Settlement process for all market participants.

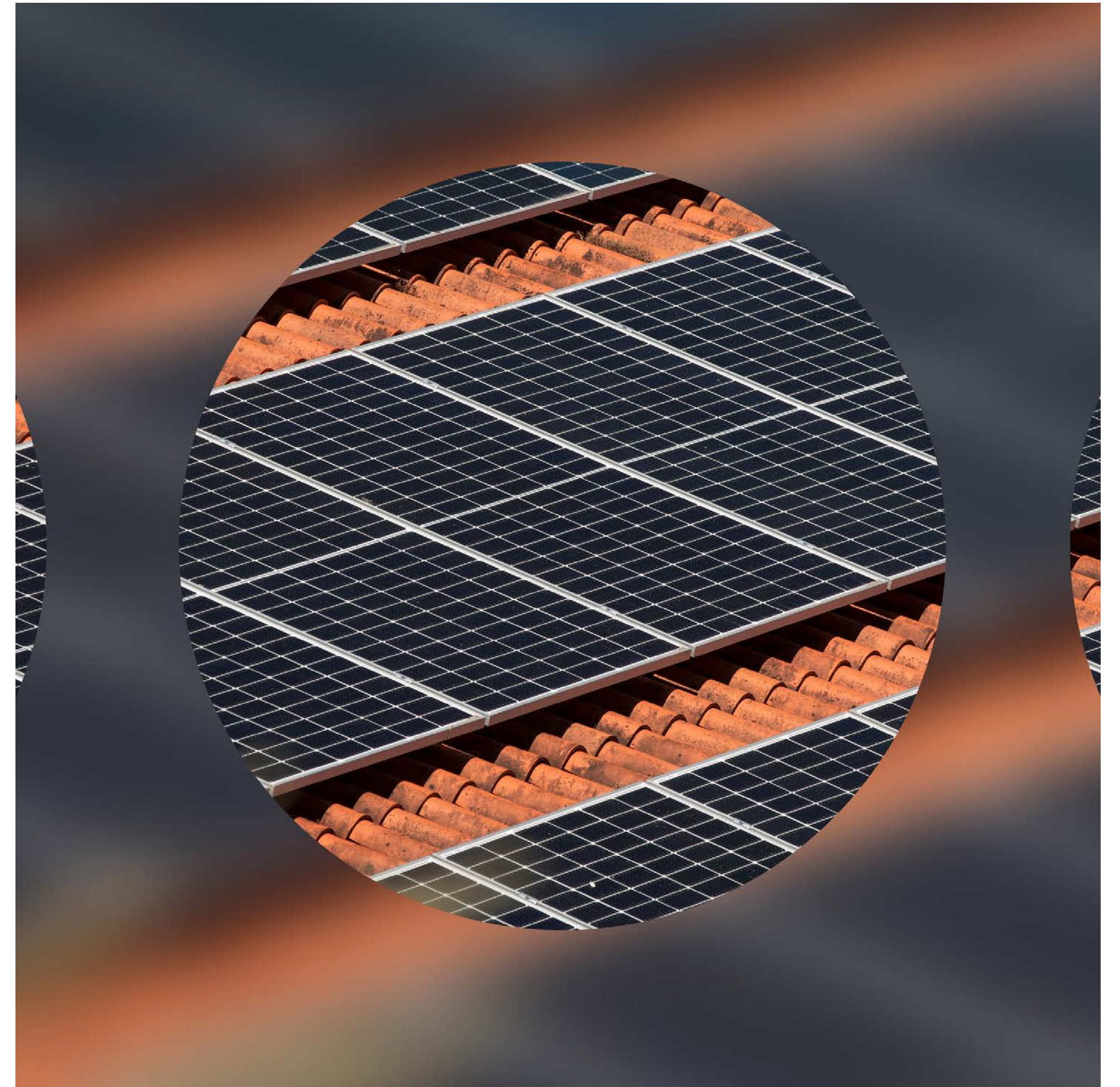
The MHHS Programme's approach paves the way for new ways of working for the electricity industry, in a collaborative and transparent way, to deliver these key industry changes.

MHHS Programme status

The priority over the past year has been to prepare participants for the code drafting, testing and qualification phases of the Programme, to ensure business readiness activities are in place for September 2025 onwards. Suppliers will begin the transition of their meters from October 2025.

MHHS Artefacts baselined and approved

The BSC, Retail Energy Code Company (RECCo) and Distribution Connection and Use of System Agreement (DCUSA) Artefacts were approved and baselined by the Cross-Code Advisory Group (CCAG) in August 2024. The artefacts are the digital components such as software and documents that support MHHS. This was a huge collaborative industry-wide effort. Over 100 individuals produced and supported this process, with more than 60 BSC artefacts amended, 16 new BSCPs and more than 20 REC Schedules amended and the new DCUSA text was created. The approved code Artefacts remain available on the [MHHS website](#).



MHHS Implementation (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation**
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Ofgem has initiated the Significant Code Review (SCR) process meaning that code changes will now be raised under the BSC, REC and DCUSA arrangements, enacting a shift from MHHS Programme Governance to code body governance.

Systems Integration Testing (SIT) phases

The SIT phase of the Programme saw the Fast-Track Implementation Group (FTIG) driving progress through testing. Using a Minimum Viable Cohort (MVC) model meant that a group of volunteer industry participants could carry out functional testing by testing the design.

However, the SIT phase was progressing more slowly than outlined in the test execution models, which impacted other downstream activities and Programme milestones, primarily relating to Central Systems being ready for migration. This meant that a delay to the Programme plan was unavoidable, requiring an adjustment to the testing schedule and the Programme plan to be recalibrated

around a more achievable test execution timeline. In Elexon's role as MHHS Implementation Manager, we supported the premise that it was fundamental to allow for sufficient system testing to be completed before going live. In September 2024, the MHHS Programme made the decision, following a comprehensive impact assessment, to request a six-month programme delay to the 'go-live' date in March 2025. This request was known as CR055. There was overwhelming support for the CR055 change, with participants acknowledging the slower pace of SIT whilst recognising that timelines needed to be adjusted.

On 29 November 2024, Ofgem published its decision to approve the CR055 request. Elexon and the MHHS Programme are committed to the newly approved timescales and we will work with all participants to achieve them. Elexon and the MHHS Programme support a timely migration by Suppliers of their meters, as that will bring in benefits at the earliest opportunity. It is expected that more than 80

per cent of meters for domestic and business customers will have transitioned to the new arrangements before the end of 2026, well in advance of the new cut-over date to the MHHS timetable, in July 2027.

The MHHS Programme priorities for 2025/26 include:

- SIT Minimum Viable Cohort Complete: August 2025
- Central systems ready for migrating Meter Point Administration Numbers (MPANs): September 2025
- Load Shaping Service switched on: September 2025
- Start of 18-month migration for Unmetered Suppliers (UMS)/Advanced and Smart/Non-smart: October 2025
- Start of Migration for Qualification Wave 1 participants: May 2026.

Effective planning to safeguard delivery

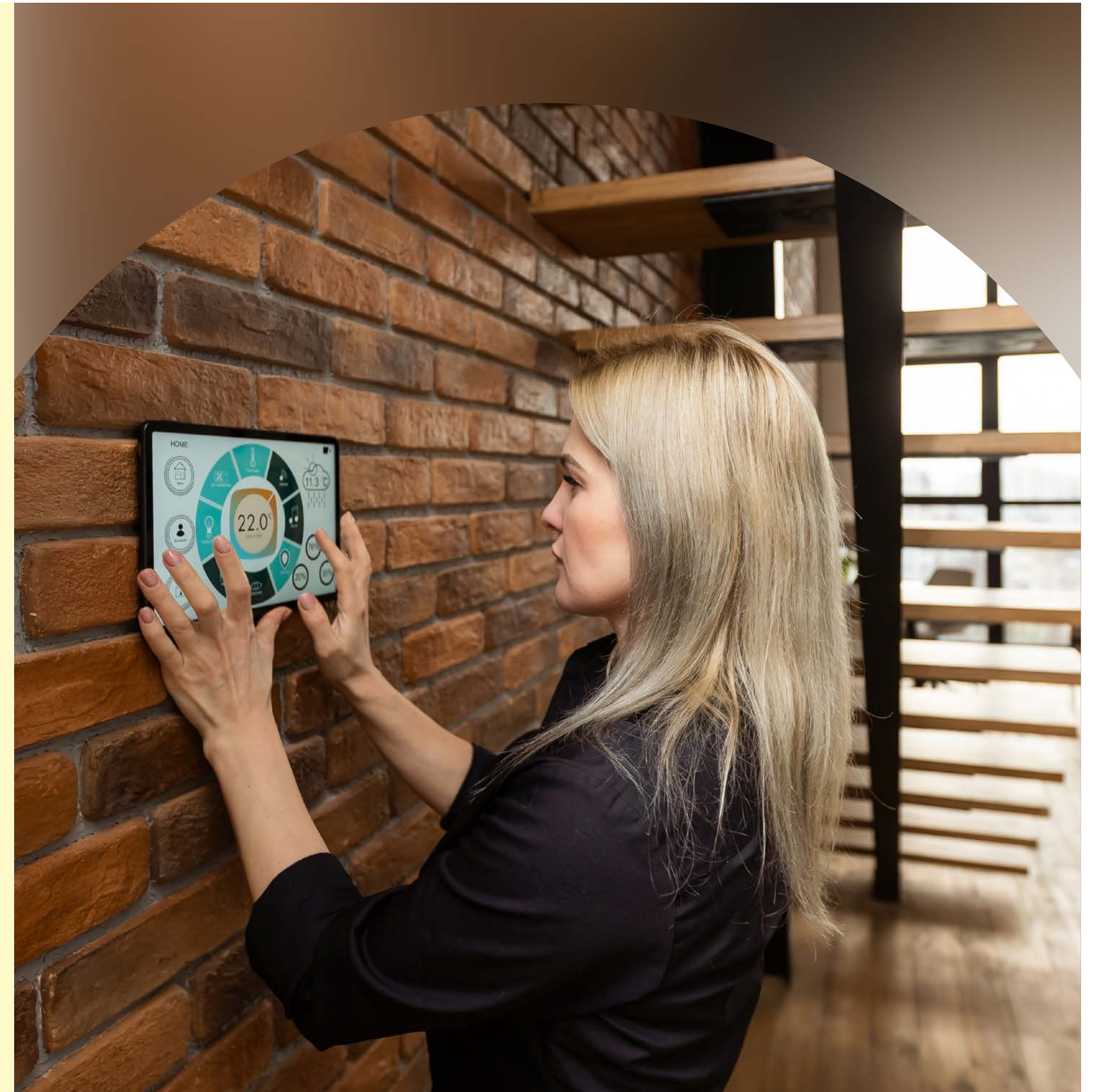
A key part of delivering the MHHS Programme to the industry is to ensure that all participants adhere to the existing plan to safeguard its delivery. By planning effectively, we can contribute to ensuring confidence around readiness, including the critical elements of the Programme such as Testing, Qualification and Migration.



MHHS Implementation (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation**
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

The MHHS Programme is engaging with more than 200 market participants to deliver half-hourly settlement. The benefits of this include faster, more accurate Settlement for BSC Parties. MHHS is also a key enabling reform to support Clean Power 2030 and Net Zero.



MHHS Implementation (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation**
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Helix Programme update preparation for dual-running of Settlement

Through the Helix Programme Elexon is building six new systems, which include the complete redevelopment of the Supplier Volume Allocation Agent (SVAA) to support half-hourly settlement, and re-engineering the accompanying processes required to facilitate the transition at M10.

From October 2025, Elexon will be dual running half-hourly and non-half-hourly settlement (to accommodate participants at various stages of the Programme), and the amount of data we process will increase exponentially. Once half-hourly settlement is fully implemented, we will be processing around 500 billion meter readings per year. The work we are doing as part of the Helix Programme is in preparation for this so that we can continue to serve the industry as we transition to half-hourly settlement.

In the first half of 2025, we will be thoroughly end-to-end testing all of our Settlement systems to ensure that we are ready and able to perform dual

running, which includes reporting on both sets of data effectively for the industry (as well as processing the data itself). This is an integral step for the Helix Programme, which will follow the successful close-out of MHHS SIT Functional Testing. Our end-to-end testing will ensure that we are operationally and functionally ready for the transition at M10.

“From October 2025, Elexon will be dual running half-hourly and non-half-hourly settlement (to accommodate participants at various stages of the MHHS Programme.”

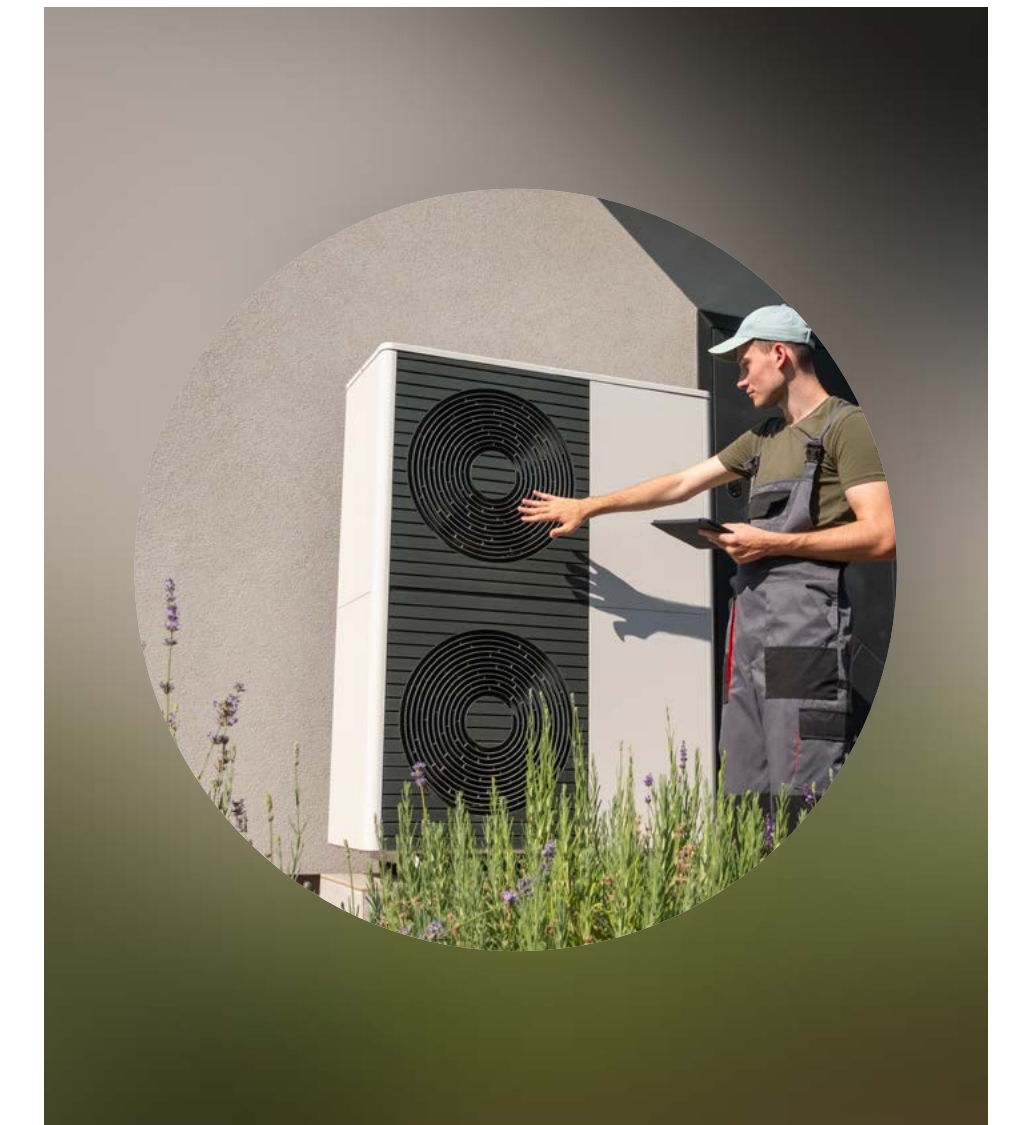
Transitioning half-hourly settlement to business as usual (BAU)

From M10 in September 2025, Elexon will absorb further responsibilities from the MHHS Programme to become our BAU. These include:

- Non-SIT Qualification (qualification of participants that are not part of SIT)
- Code change management and governance of the end-to-end MHHS operating model
- Migration support for participants
- Expansion of the IT Service Management scope to cover the MHHS operating model, including MHHS-related incidents linked to the REC, Distribution System Operators (DSOs) and Independent Distribution Network Operators (IDNOs).

Our focus is on developing an operational control centre and a bigger, more robust team in preparation for taking over the coordination and management

of our new accountabilities at M10. This will involve Elexon creating a team to provide increased support to participants through their migration journey, and the development of knowledge artefacts to allow participants to further self-support.



MHHS Implementation (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation**
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

From M10, participants will be able to raise issues directly with Elexon through our existing customer support capability, [Elexon Support](#). To prepare for this, in the first half of 2025/26 we will deepen our relationships with the various service users including the RECCo and electricity network owners, to embed six new Elexon systems in our IT Service Management and Production Management processes:

- The Data Integration Platform (DIP)
- The Data Acquisition Hub (DAH)
- The Load Shaping Service (LSS)
- The Market-wide Data Service (MDS)
- The Volume Allocation Service (VAS), and
- The Industry Standing Data (ISD) service.

Stepping up support for non-SIT Supplier and Agent MHHS Qualification

Around 200 individual market participants are involved in the MHHS Programme and Elexon continues to support them through the process to qualify for participation in MHHS.

The Qualification process ensures that participants have the appropriate systems, processes, and controls in place to meet the BSC and REC requirements that are part of the MHHS design. The process is managed by Elexon and the REC in collaboration with code bodies. Elexon teams are working closely with the MHHS Programme and specific MHHS Programme groups which support qualification, testing, and feed into migration plans.

As part of the transition to MHHS, MHHS Qualification will be completed over four waves for all market participants that are not part of the SIT and wish to operate in the new MHHS market roles. Elexon is engaging with Parties to ensure that they understand the impact of the change in the M10 date, and supporting them through the process. All participating companies will need to have qualified by the M14 milestone (when all Suppliers must be able to access MPANs under the new MHHS Target Operating Model).

The Performance Assurance Board (PAB) conducts and administers activities to provide assurance that all participants in the BSC arrangements are suitably qualified and that the relevant standards are maintained. To support the pace of participants in the qualification process from 2025 there will be two PAB meetings held each month.

“To support the pace of participants in the qualification process, from 2025 there will be two BSC Performance Assurance Board meetings held each month.”



- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility**
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

04 Market facilitator for distributed flexibility



Market facilitator for distributed flexibility

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility**
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

As the market facilitator for distributed flexibility, we will work with flexibility providers, Ofgem, NESO, Suppliers and DSOs to create more open, coordinated and transparent local flexibility markets, and support their growth.

In July 2024, Elexon was appointed by Ofgem as the market facilitator for local flexibility markets. Our role will be to work with Ofgem, NESO, Suppliers, flexibility service providers, and DSOs to create more open, coordinated, and transparent local flexibility markets. We will also work to align local and national flexibility markets, supporting market growth in flexibility. Delivering this role will require us to play a major part in helping the sector meet the CP30 and Net Zero targets.

We are currently preparing for this role and will begin market facilitator operations from the end of 2025. During 2025 we will be focused on transitioning to this new role. Regardless of this expansion of Elexon's responsibilities, our commitment is to continue to deliver all our core BSC services to the highest standards.



Market facilitator for distributed flexibility (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility**
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

The scope of the market facilitator role

We have been working with Ofgem, DSOs, flexibility market participants and other stakeholders to define the scope and duties of the market facilitator role.

In December 2024 Ofgem published a [consultation](#) on the scope, deliverables, performance evaluation and set up arrangements for the role. We will continue working with Ofgem and stakeholders to develop the scope, and we will respond to the consultation.

Governance for the market facilitator role

Over the next year, we will develop and agree the enduring governance for the market facilitator role. We will also agree the approach to stakeholder engagement for developing the market facilitator arrangements.

Elexon will develop proposals and seek feedback on which options are preferred, via industry workshops. We will then consult on the preferences

with the industry before presenting the proposals to Ofgem for decision in mid-2025. This design will then be translated into legal text for consultation and Ofgem approval. The design phase will be run by Elexon as the market facilitator and not under BSC governance, as this approach will avoid tying decisions inappropriately to Applicable BSC Objectives.

The design phase will determine where the rules and arrangements best sit to give them legal force and will include various options. Some rules or processes may fit best within the BSC (e.g. high-level obligations on existing BSC Parties). Implementation of these would be via a Modification. Other rules may fit best within an Ofgem-controlled governance framework. Another alternative is for rules to exist within stand-alone documents maintained and published by Elexon as the market facilitator, which DSOs and NESO will be obliged to comply with under their licences.



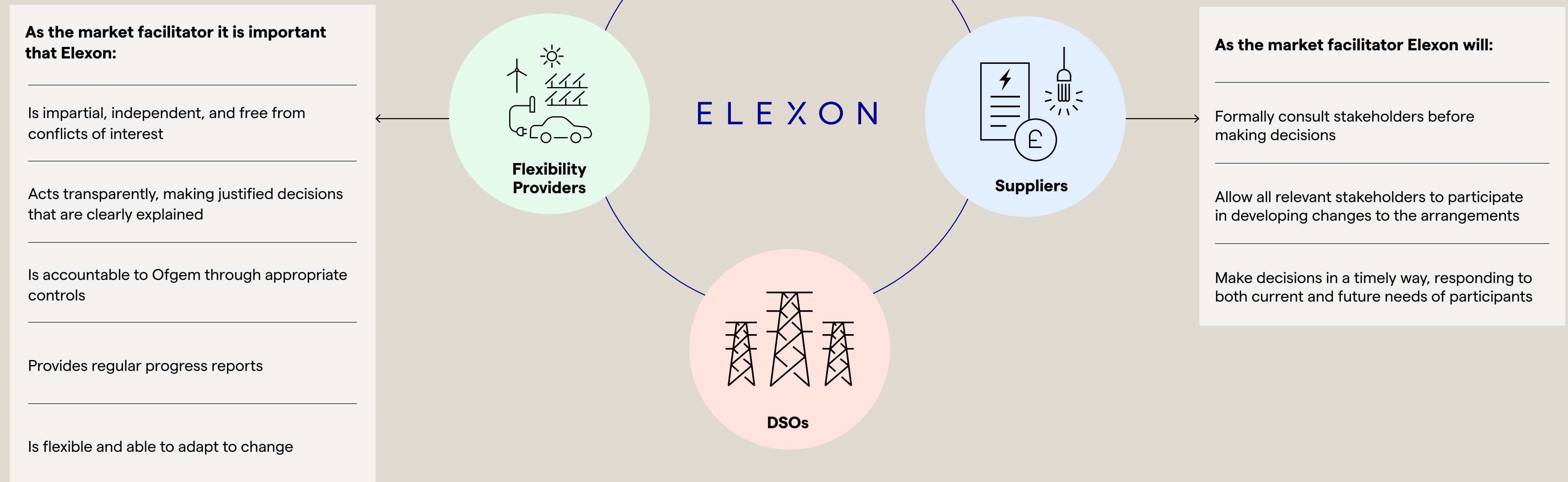
Market facilitator for distributed flexibility (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility**
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Elexon delivering the market facilitator role

Elexon will work with Ofgem and participants to deliver the market facilitator role.

Creating more open, coordinated and transparent local flexibility markets, and supporting their growth.



Market facilitator for distributed flexibility (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility**
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Funding for the market facilitator role

During the lead up to Elexon beginning the market facilitator operations, we will recoup the preparation period funding as BSC costs (which are recovered proportionately according to the Parties' market share). This cost recovery approach was approved through Modification [P481](#) 'Enable Elexon to be the Market Facilitator Delivery Body', which has now been implemented.

We will develop the enduring funding arrangements in consultation with Ofgem and the industry over the coming year. Ofgem's current preference for the enduring funding model is for Elexon to set the market facilitator budget and seek feedback on it from the industry.

Flexibility Market Asset Register (FMAR) to provide a common registration system to support market participation

To enable flexibility markets to operate effectively, there needs to be a common registration system across

DSO and NESO markets, which market participants can all use as the 'single source of the truth' for recording details of registered flexibility assets. Ofgem refers to this new solution as the FMAR and it is part of the wider Flexibility Digital Infrastructure.

Ofgem has proposed that Elexon (as market facilitator) should lead the enabling and design work for the FMAR, with a target of deploying it between 2025 and 2028. We fully support this move and await Ofgem's final decision.

Transitioning the Open Networks programme and progressing improvements for flexibility market participants

Since September 2024, Elexon has been collaborating with the Energy Networks Association (ENA) to engage at all levels of the Open Networks programme. Our approach is to take an increasing role in the leadership of the programme, while also developing a plan to transition responsibilities from Open Networks to Elexon.



Market facilitator for distributed flexibility (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility**
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

This is in line with Ofgem’s expectation that the market facilitator takes over on delivery of this work, where possible, in advance of Elexon beginning operations. We are working closely with Open Networks to ensure Elexon has representation in current active working groups relevant to the

market facilitator. We aim to add value to these groups and ensure that they achieve their intended outcomes while simultaneously preparing to assume responsibility for certain working groups, ensuring continuity and momentum in the programme.



Key deliverables over the coming year from the currently active [Open Networks](#) working groups include:

- Creation of a stacking tool and recommendations for implicit stacking related to ‘service jumping’. Stacking determines whether a single flexibility asset can deliver multiple products. Jumping is one approach to revenue stacking. It means participating with the same asset in different flexibility services and products at adjacent times, to earn revenue. The stacking tool and associated recommendations has been available since the end of 2024.
- Development of standardised baselining methodologies to be adopted by all system operators. Baselining is a process measuring the amount of flexibility that a provider can offer compared with their usual generation or consumption. The

methodologies will be available in March 2025.

- Development of the second increment of primacy rules, with implementation planned for the first half of 2025. Primacy rules determine which flexibility purchaser takes precedence when the same asset is called on to provide more than one service. The updated rules will be ready in spring 2025.
- Development of a dispatch API standard. This is a standard for the dispatch of flexibility services, including a reference implementation and a test suite. The API standard will be finalised in summer 2025.

Overall, we continue to work collaboratively with the ENA, Ofgem, and all stakeholders that are participating in the remaining workgroups, alongside wider stakeholders with an interest in these new and growing markets.

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress**
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

05 Technology and digitalisation progress



Technology and digitalisation progress

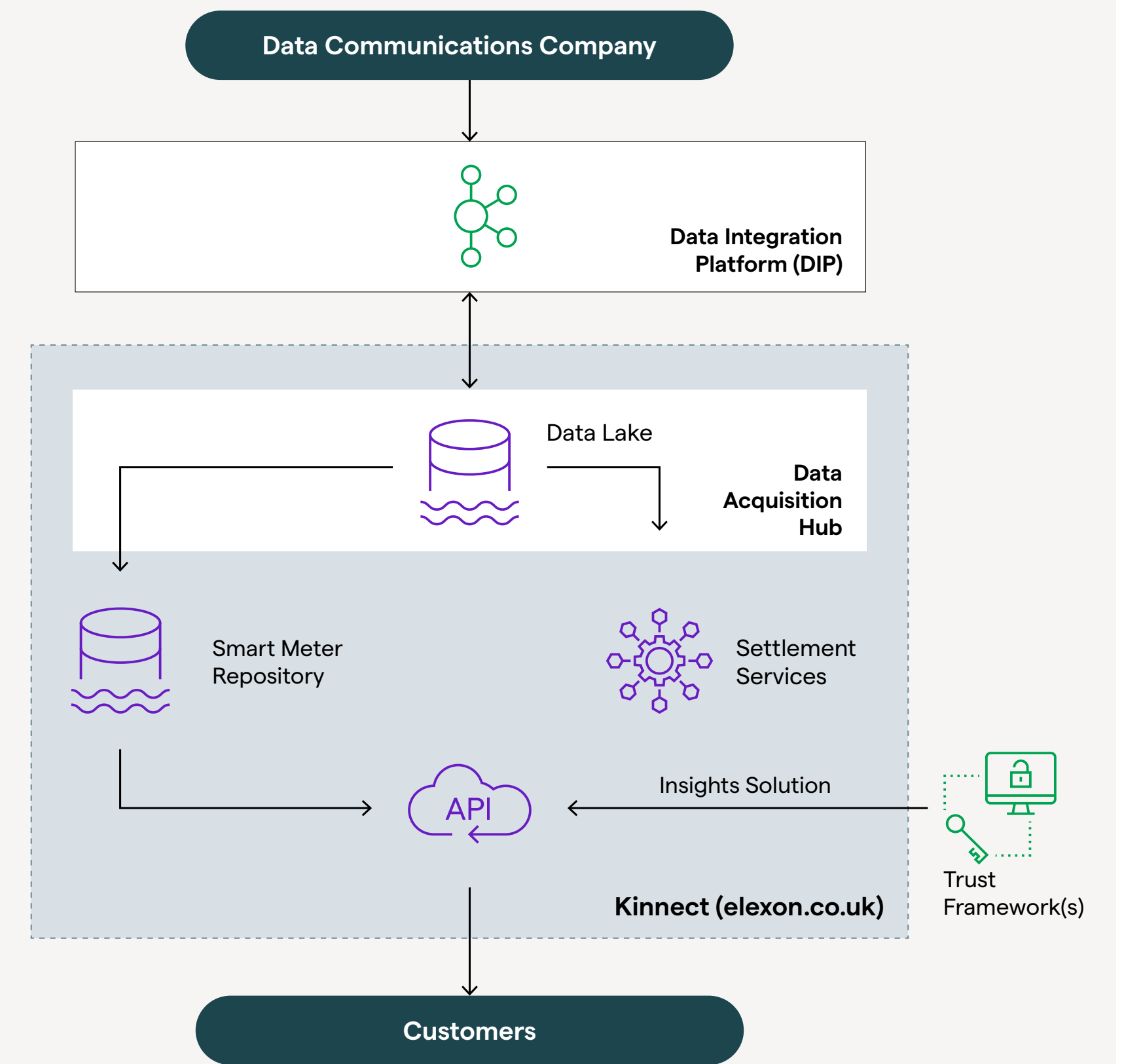
- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress**
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

As mentioned in the Overview section, Elexon’s role is evolving beyond the management of Settlement. During the past few years we have been progressing through our digitalisation journey which has included developing new platforms to serve the changing needs of BSC Parties and their increased demand for granular data.

In July 2024, we published our first [Digitalisation Strategy and Action Plan](#), which is now guiding the next steps on our digitalisation journey. One of our corporate strategy goals is to become a leader in the sector for providing ‘data as a service’, by offering comprehensive and valuable datasets to the industry. To deliver on this goal, we will be progressing the following workstreams during 2025/26.

Once MHHS is fully implemented we will be processing around 500 billion half hourly readings per year and we will make this data openly available to support innovation and the development of new products and service

Smart Meter Data Repository providing access to half-hourly data to support innovation explained in more detail on the next page



Technology and digitalisation progress (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress**
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Smart Meter Data Repository providing access to half-hourly data to support innovation

Once half-hourly settlement is fully implemented, we will be processing around 500 billion half-hourly readings per year, and we have built a smart meter data repository into our Kinnect platform to provide open access to this data. Protecting consumers' data and their privacy is important for building trust in energy markets. Ofgem is due to decide whether the RECco, Smart DCC or Electralink should be the delivery body for the new digital consent solution to allow consumers to share their energy data with trusted third parties. We are ready to work with whichever body Ofgem chooses so that we can integrate our smart meter data repository with a standardised and trusted consent solution. As meters begin to transition to half-hourly settlement from October 2025, the associated consumption data will be visible in the repository. The full set of consumption data for all half-hourly settled meters will be available once the migration is completed.

Continued development of the Insights Solution with new functionality to support users

We provide our wholesale market data service through the Insights Solution. In 2025/26 we will continue to develop the Insights Solution to provide even greater value to the industry. Our focus will be on expanding the Settlement data available by offering a modern alternative for the large, cumbersome, and difficult to interpret SAA I014 Settlement report. We will be enabling access to this data through several best in class, easy to code, APIs.

We will continue to enhance the NESO datasets that we publish. The BSC Panel has approved the implementation of Modification P480 'Publication of regional demand forecast data to fulfil ESRS Reporting requirements' for June 2025, which allows National Grid system restoration standard data (including day-ahead peak demand forecasts for each restoration region) to be published on the Insights Solution. The implementation also involves

the development of an API which will provide a new way for exchanging data between NESO and Elexon.

We will continue to work closely with NESO on the development of the [Open Balancing Platform](#) as there are opportunities for the publication of more data on the Insights Solution. We are supporting NESO's work on Grid Code Modification [GC0166](#) 'Introducing new Balancing Mechanism Parameters for Limited Duration Assets'. Subject to approval of a consequential BSC Modification, we will be able to publish data that provides greater transparency for planning and dispatch of assets, such as storage.

With implementation of our new data engineering capabilities, we will also be working closely with our data users to identify opportunities to provide datasets that will continue to offer greater transparency and value.

In May 2024 we switched off the legacy BMRS services as we have replaced it with the Insights Solution, a more granular, customisable data service built on our Kinnect platform. Switching off BMRS has resulted in a saving for Parties of around £0.7m per year

Over the last six months our Insights Solution APIs have been receiving an average of 400 million data requests per month

Technology and digitalisation progress (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress**
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

Development completed of data analytics platform allowing Elexon to deliver improved data services

Earlier in 2024 we completed the development of a new cloud-based internal data analytics platform, onto which we are migrating all our legacy data pipelines. The new platform will give us enhanced insights into the data we collect, acting as a hub for our data science community users.

In 2025/26, the data analytics platform will be the vehicle for creating our next generation of performance assurance reports under the new Performance Assurance Monitoring technique. To share this suite of performance reports directly with Suppliers and PAB members on-demand in a secure, confidential manner, a new reporting portal called the Confidential Assurance Reporting Portal will be deployed.

Elexon to take over operation of the Data Integration Platform (DIP) using a similar governance model to that expected for licensed code managers

The DIP is a 'next generation' messaging infrastructure that allows the exchange of data, including half-hourly readings. It will allow Elexon to receive the increased volumes of data that we will be required to process once half-hourly settlement is implemented.

The development of the DIP is being managed by the MHHS Programme and is critical through the qualification, testing and service activation phases to enable operation of the new half-hourly settlement model. At the M10 milestone, when Elexon's Central Systems will be ready to receive migrating MPANs, Elexon will take full operational ownership of the DIP and will be responsible for its operation and future changes.

In preparation for this, in October 2024, we implemented the DIP Manager governance model which includes a package of rules including a structure for governance and change controls. The rules concerning the

funding and security standards for the DIP will go live at milestones M10 and M16 respectively of the MHHS Programme. M16 is when Elexon cuts over to the new, faster Settlement timetable in July 2027.

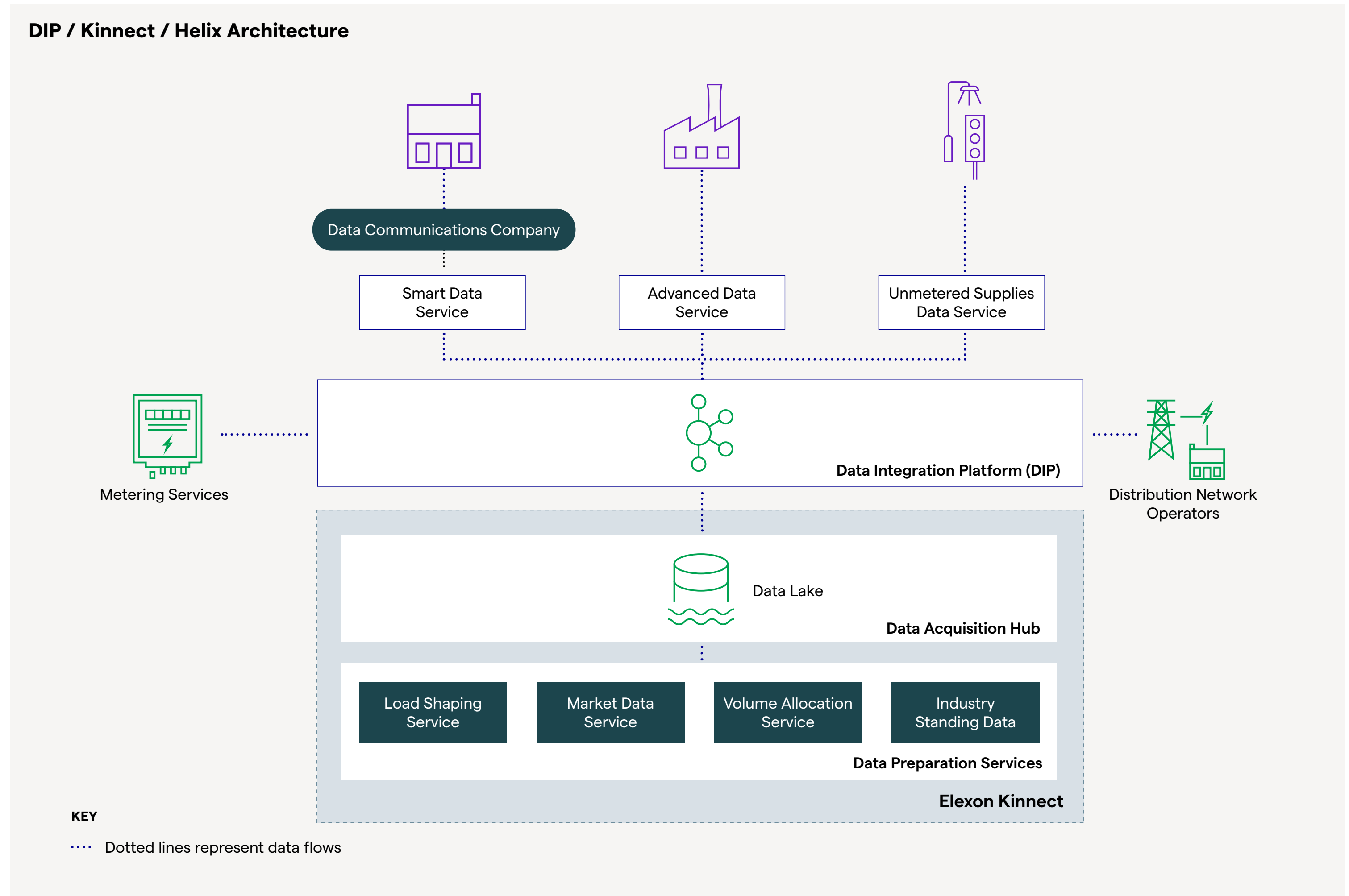


Technology and digitalisation progress (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress**
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget

The model has been structured around what we expect the code manager model to be under Ofgem’s regime for licensed code managers. The DIP Manager will also have strong lines of accountability to Ofgem. From the point at which we take over the operation of the DIP, DIP users will be able to raise change requests to governance arrangements and use Elexon Support to resolve any DIP-related issues.

The DIP design is able to perform additional roles, beyond those required for MHHS, if desired. These could, for example, include dispatch notifications or other scenarios requiring real-time or near-real-time messaging. While our focus in 2025/26 will be on ensuring that the DIP achieves high levels of performance for its MHHS role, during next year we will develop a roadmap for future use cases for the DIP. Achieving wider use of the DIP is important for ensuring value for money for Parties.



- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management**
- 07 People Strategy
- 08 Budget

06 Customer and Code Management



Customer and Code Management

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management**
- 07 People Strategy
- 08 Budget

Elexon is looking forward to becoming licensed as code manager for the BSC and using this as an opportunity to work with stakeholders to deliver further progress towards Net Zero. We expect to become licensed by Ofgem in late 2025/early 2026.

Setting up the licensed code manager arrangements for the BSC
During 2025/26 we will be preparing for licensing by:

- Working through the requirements of the legislation/Ofgem licence conditions to ensure that we can fully comply with them
- Drafting the legal text changes to the BSC (on behalf of Ofgem) to give effect to the code reforms
- Refining and developing the governance model for the BSC stakeholder advisory forums (SAF), which will replace the BSC Panel
- Working with Ofgem to develop the enduring model for Panel/SAF committees. This includes updating our internal systems and processes for making decisions on self-governance Modifications

(which will be determined by Elexon in consultation with the SAF, instead of the Panel committees under the current arrangements)

- Plan the roadmap for implementation.

Transforming code management to deliver improved performance for BSC Parties

To perform as a licensed code manager, we have been working to transform how we manage the BSC. Industry expectations of what code bodies need to deliver will only increase in the coming years, therefore we are striving to be best in class on code management.

We need to speed up the delivery of BSC rule changes so that we can respond to the challenges of meeting CP30 and Net Zero.

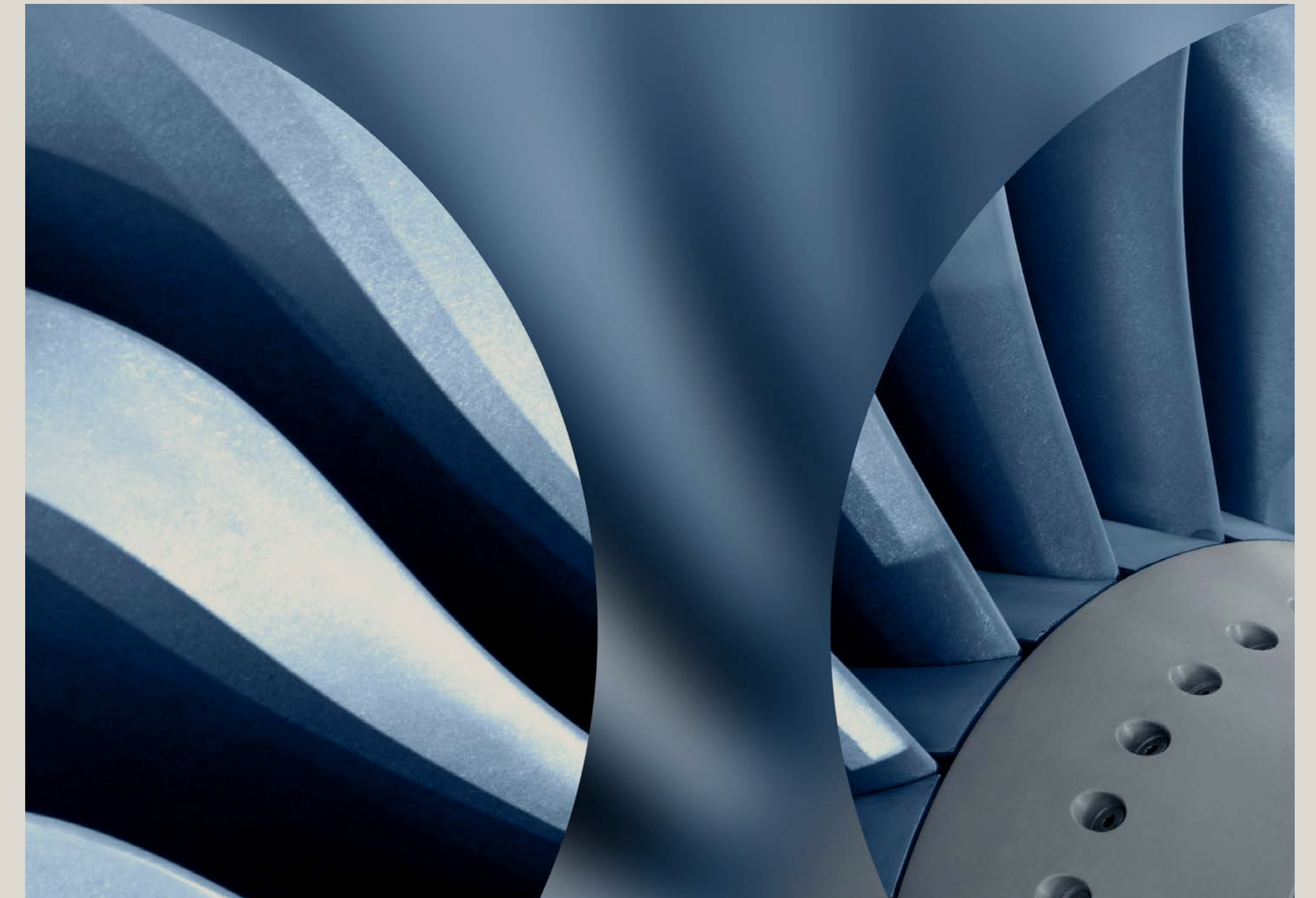
As a first step, we implemented [P463](#) 'Introduce a Standard Change Process' in November which introduced a simpler process for making BSC changes that are low risk, routine and repeatable, such as adding new fuel type categories to the electricity mix data on our Insights Solution.

Digital code development – new functionality to be added for users

We also need to make it easier for BSC Parties and innovators to interact with the BSC documentation and understand how BSC rules impact them.

This is why we continue to develop the functionality of the [digital code site](#) which contains digital versions of all BSC documents.

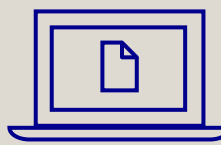
A summary of the new functionality that we will add to the digital code is on the following page.



Customer and Code Management (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management**
- 07 People Strategy
- 08 Budget

To be delivered by end of March 2025



Basic role filtering:

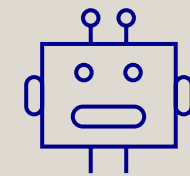
Which will allow customers to use filters to obtain all the BSC documents relevant to their role



Digital code log in:

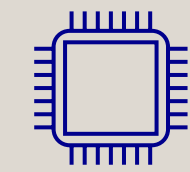
Currently there is no authentication needed to access the digital code. We are looking to integrate with Elexon's single sign-on solution. Accessing the digital code via a user account offers benefits to users such as retention of search history, favourites, and personalisation of their experience

Delivering in 2025



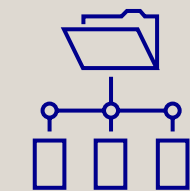
Chat bot

A chat bot will further speed up searching and allow customers to 'self serve'.



API development

API documentation will allow users to automatically extract documentation that is relevant to their role



Licensed code manager

Working through readiness activities to become a licensed code manager

Delivering in 2026



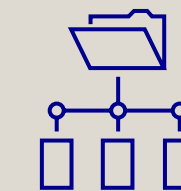
Integration of the BSC change management

This will allow Parties that have raised proposals to view progress and development, and see 'red line' text changes on relevant legal documents, all of which helps transparency



Advanced role filtering

This will allow users to retrieve more precise information (individual paragraphs from documents, rather than just the document itself)



Licensed code manager

Becoming a licensed code manager

Customer and Code Management (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management**
- 07 People Strategy
- 08 Budget



More detailed information on our development plans for the digital code and information currently available functionality is on this [BSC site webpage](#).

Use of large language models (LLMs) which could speed up our response times

During the last year, we have been trialling the use of LLMs to determine whether they can speed up management of the code, in areas such as software development, drafting changes to legal text, and helping us to update and maintain our Simple BSC Guides and Guidance Notes.

We plan to trial whether LLMs could be used to help answer customer questions received through Elexon Support. LLMs could for example speed up our ability to respond to frequently asked questions and allow customers to ask us questions directly through the digital code site.

We have also implemented an internal policy for colleagues when using generative AI tools, to ensure information security and data protection.

Next steps in development for Elexon Support – supporting improved customer service management

We launched Elexon Support, our customer service management tool, in January 2024. Since then it has been providing us with improved reporting, better visibility of customer needs, and improved reporting capabilities.

Over the next year, we will continue to invest in, and improve, our customer service management capability. We will be using customer data and insight to drive up self-service of customer queries and first-time fix rates, as well as identifying and implementing service improvements and targeted knowledge articles.

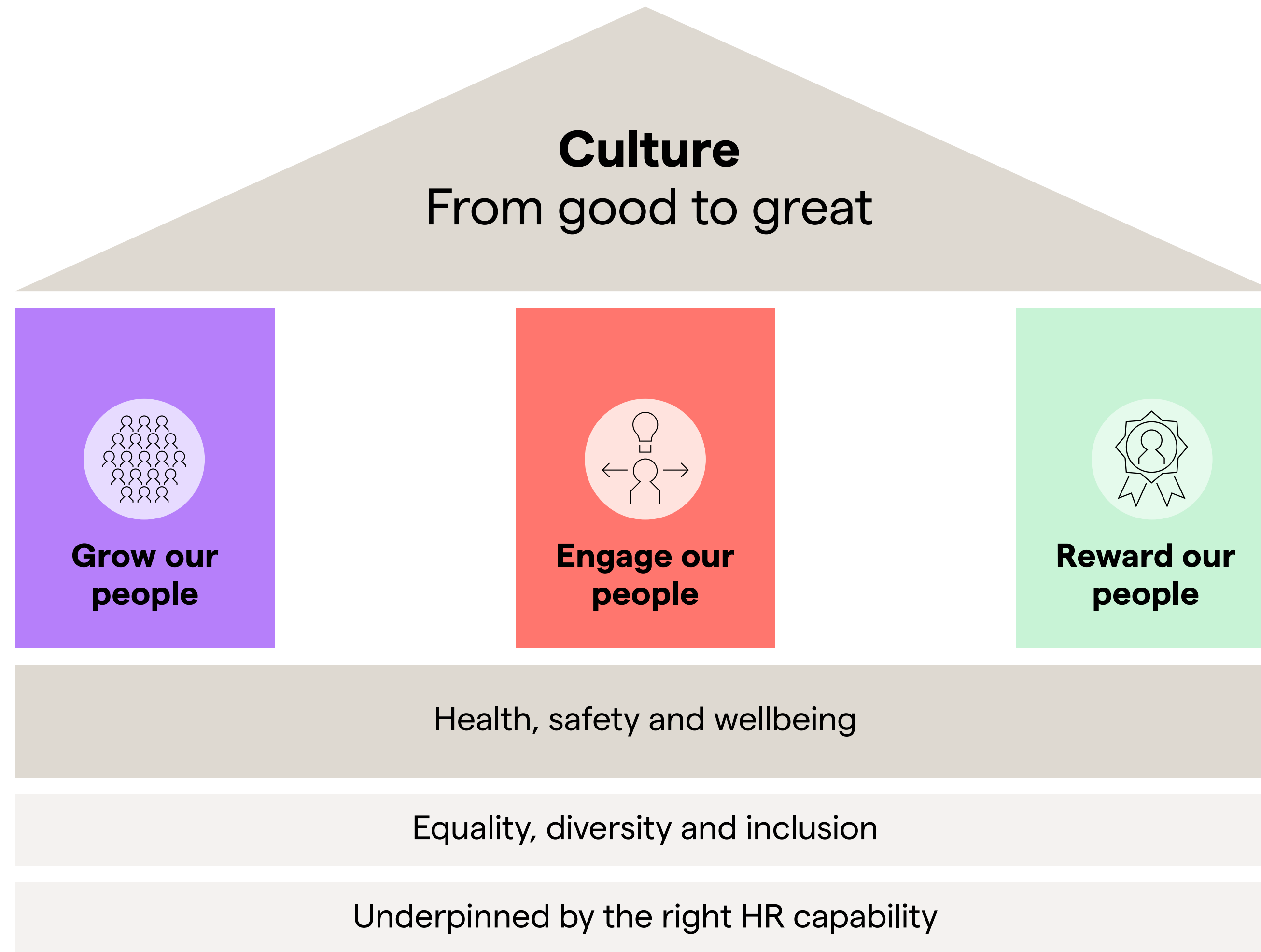
- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy**
- 08 Budget

07 People Strategy



- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy**
- 08 Budget

People Strategy



- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy**
- 08 Budget

People Strategy (continued)

Building our performance culture

Elexon’s vision sets our ambition of transforming energy code management, becoming a leader in data as a service, and cementing our position as a central energy markets leader. To achieve this, we are continuing our journey to a performance-focussed culture.

Embedding our performance culture is essential so we can deliver an improved service to meet the growing needs and expectations of BSC Parties, and ensure that Elexon can respond quickly to energy sector challenges.

Equality diversity and inclusion

We remain committed to equality, diversity and inclusion (EDI) both internally and externally. We continue to run internal events during the year to celebrate diversity and give colleagues safe spaces to talk about their individual experiences. From next year we will also be running EDI awareness training for new starters.

Our external facing commitments to EDI include:

Renewing our membership of (and participation in) the Womens Utilities Network which develops, encourages and connects women in utilities.



We also maintained our adherence to the Government’s Disability Confident employer scheme and the Mental Health at Work Commitment.



We are signed up to the Wellbeing of Women Menopause Workplace Pledge.



Facts about our people

Elexon’s gender split
58% male and 42% female

Elexon’s ethnicity split
70% White,
19.9% Asian or Asian British
7% Black / Black British,
Caribbean or African
3.5% other ethnic minority groups



People Strategy (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy**
- 08 Budget

Next steps in delivering our People Strategy

During 2025/26, the ongoing delivery of our People Strategy will be focused on:

Supporting business growth and capability

We will be ensuring that Elexon has the resource capacity and capability to undertake new roles. This includes the planned recruitment of 82 FTE (employees and contractors) in the 2025/26 plan to maintain and strengthen our teams delivering the MHHS and Helix programmes and support our transition to half-hourly settlement becoming business as usual. Recruitment of posts is also in progress to support the delivery and operation of the new market facilitator role.

To enhance our data management capability, and to manage data governance, security and compliance responsibilities post half-hourly settlement, we will need to recruit for positions in data science and data governance during 2025/26. Further information and figures explaining our

future staffing expectations can be found in the FTE equivalent table in the Budget section of the plan.

Listening to colleagues' voices

At all-colleague meetings, we will continue to share regularly success stories of where efficiencies have been found, including development of improved, innovative or quicker work processes. We plan to host a 'hackathon' in 2025 where all colleagues will be asked to work together in groups to consider which barriers remain to achieving our performance culture and how these can be overcome.

Leadership development

We will continue to invest in our senior leadership team and support colleagues who are newly appointed into line management roles, or those who aspire to be future leaders. The training to be provided in 2025 will include how to achieve behavioural change to achieve our strategy goals.

Talent development

We are continuing our 'Aspire' programme to support high-potential, talented colleagues throughout the three years of our 2023-2025 corporate strategy. During 2025, we will have a rolling programme of training and coaching support to help colleagues build their careers with Elexon. Of the group of 10 colleagues who participated in the talent programme during 2023/24, three have been promoted, and others have gained new skills including building confidence in adapting to new situations and 'thinking outside the box'.

We also plan to host a follow up in autumn 2025 to our previous highly successful careers week for colleagues. Our October 2023 careers week supported colleagues on leadership development, budget management and building technology careers.

We will also continue our successful colleague mentoring scheme which focuses on sharing knowledge and experience and encouraging continuous learning.

Employee value package (EVP)

In 2024 we refreshed our [EVP](#) to ensure that we can attract and retain top talent by offering competitive pay, rewards and benefits. We will continue to ensure that we offer an attractive overall package to new and current employees.



- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

08 Budget



Budget

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**



Overview

This section of the business plan details the budgeted costs for 2025/26 in support of the planned deliverables described above, along with early indications of costs for both 2026/27 and 2027/28. The budget covers all Elexon activities including our core role of Balancing and Settlement, together with the implementation of half-hourly settlement through the MHHS and Helix programmes, as well as the work required to transition this into the Elexon business teams.

The budget also reflects the financial impact of new activities that have been confirmed to be taken on by Elexon, namely the market facilitator for distributed flexibility markets, the DIP messaging service, the NCC Scheme for Energy Intensive Industries as well as the move to becoming a licensed code manager.

We will also be working on three key aspects of digitalisation foreshadowed in our Digitalisation Strategy and Action Plan, specifically providing data as a service, enhanced digital capabilities, and enhancing the customer experience.

The budget is structured in a new way this year, with costs being grouped into divisions within Elexon, namely Settlement Services, Customer and Code Management, enabling Technology, and Support Services. In this revised budget structure, each division comprises the services that we offer to our customers, underpinned by the applications required to support these services, which we refer to as products. Previously, these were all grouped together as BSC Operations and System Strategy expenditures.

Budget Summary

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Division	2024/25 Budget	2025/26 Budget (Y1)	2025/26 Budget vs 2024/25 Budget	2025/26 Budget vs 2024/25 Budget	2025/26 Published Projection	2025/26 Budget vs Published Projection	2025/26 Budget vs Published Projection	2026/27 Budget (Y2)	2027/28 Budget (Y3)
	£m	£m	£m	%	£m	£m	%	£m	£m
Settlement Services	28.6	25.8	(2.8)	(9.8%)	23.3	2.5	10.7%	31.2	31.1
Customer & Code Management	6.9	8.6	1.7	24.6%	6.5	2.1	32.3%	9.1	9.0
Technology	9.2	9.8	0.6	6.5%	8.4	1.4	16.7%	11.8	12.9
Support Services	15.4	17.6	2.2	14.3%	18.7	(1.1)	(5.9%)	19.3	24.3
Demand Led	4.0	2.0	(2.0)	(50.0%)	4.0	(2.0)	(50.0%)	4.0	4.0
Total excl. Programmes	64.1	63.8	(0.3)	(0.5%)	60.9	2.9	4.8%	75.4	81.3
Helix	31.0	29.9	(1.1)	(3.5%)	11.6	18.3	157.8%	8.3	0.0
MHHS	23.6	23.6	-	0.0%	16.1	7.5	46.6%	16.5	6.1
Market Facilitator	0.3	1.6	1.3	433.3%	0.0	1.6	∞	1.0	1.0
Total Elexon	119.0	118.9	(0.1)	(0.1%)	88.6	30.3	34.2%	101.2	88.4

The Elexon Board has approved a budget for consultation with Parties of £118.9m for 2025/26. The budget summary table (left) summarises this budget across these divisions.

This budget of £118.9m represents an increase of £30.3m, compared to the previously published projection for 2025/26, which is primarily due to the change in delivery dates of the MHHS programme and the additional resources planned for the integration of half-hourly settlement into Elexon. This year, 2025/26, includes part of the period of cutover, migration and dual running of old and new Settlement processes.

Compared to the 2024/25 budget of £119.0m, the budget for 2025/26 of £118.9m is broadly flat. Overall, the costs have been held steady year on year, in a year that includes the approval of CR055 by Ofgem, an extension to both the MHHS and Helix programmes together with the integration of half-hourly settlement into the Elexon business teams.

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Budget Comparisons

Comparison New Budget 2025/26 vs Previous Budget 2024/25 – Divisional view

Settlement Services shows a decrease of £2.8m, which is explained by the completion of the Kinnect programme partially offset by additional transition resources for the implementation of half-hourly settlement and the running costs of the various new Helix products.

Customer and Code Management shows an overall increase of £1.7m due to investment in both people and products, particularly related to maintaining strong assurance over Settlement during a period of transition to half-hourly settlement.

Technology increases by £0.6m to fund the introduction of a new data function responsible for operating the MHHS-implemented DIP and the newly developed Kinnect Data Acquisition Hub (DAH), designed to handle the high volume of smart meter consumption data. This increase will also support the creation of new roles in Service Management, Integration Testing,

and Cloud Management to ensure the seamless operation and peak performance of our new and existing services.

Support Services increases by £2.2m due to the establishment of a £1.5m contingency for the Elexon transition activities, additional transition-related roles of £0.2m, with the remaining increase of £0.5m being for training, welfare and facilities costs arising from the increased headcount.

The **Demand-Led** budget has been reduced by £2.0m to £2.0m reflecting our assessment of the current smaller pipeline of change.

Overall, our total costs, excluding the major programmes for 2025/26, have decreased by £0.3m (0.5%) compared to the 2024/25 prior year's budget.

Helix programme costs are £1.1m lower, compared to the prior year budget and **MHHS** programme costs have been held steady.

Costs for our work on becoming the **Market Facilitator** for flexibility markets are proposed to increase by £1.3m following Elexon's appointment by Ofgem to this role, announced on 29 July 2024.



Budget Comparisons (continued)

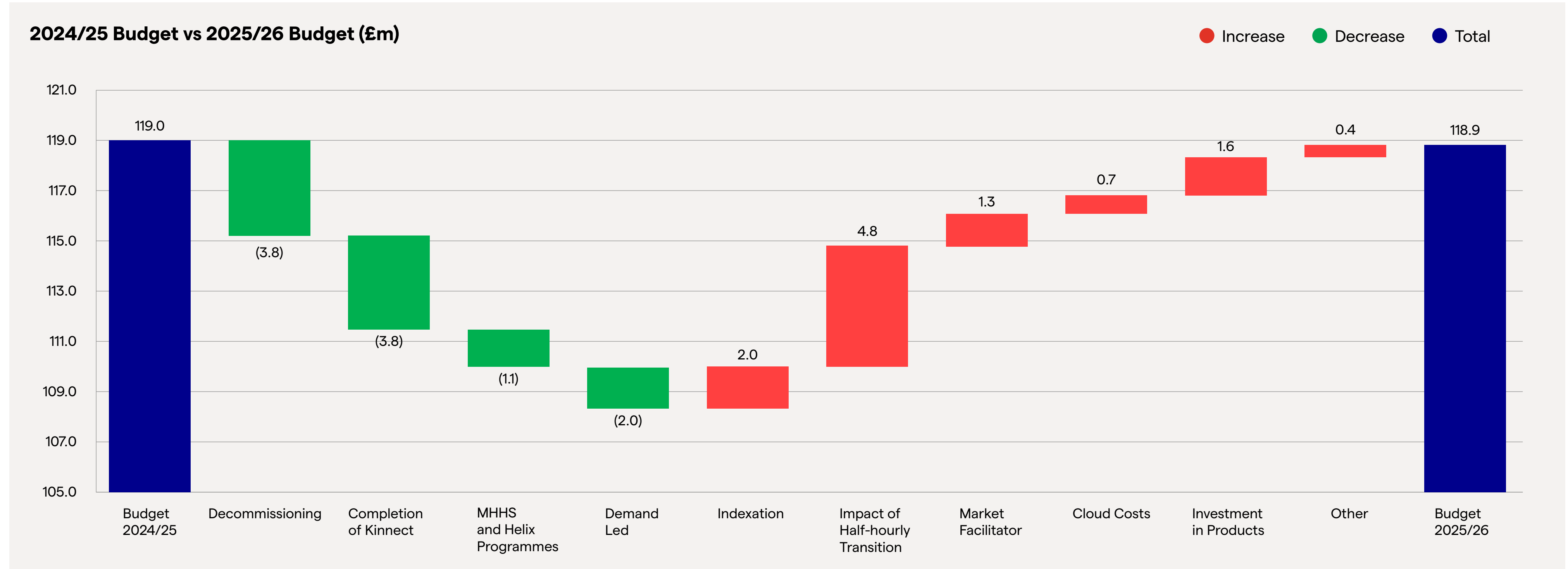
- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

The waterfall graph below illustrates the drivers for the changes from our 2024/25 budget.

Overall costs remain steady compared with the 2024/25 budget, notwithstanding some change to the composition of the new budget. The decommissioning of the BMRS, Radio Teleswitch Service and profiling services, coupled with the drop-off of

the 2024/25 budgeted investment in Kinnect, contributes a £7.6m reduction in costs to the 2025/26 budget. As already described on the previous page, the major Programmes and Demand Led budgets reduce by £1.1m and £2.0m respectively.

On the following page we explain in further detail some of the increases shown in the waterfall diagram.



Budget Comparisons (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

The increases from the 2024/25 budget include the following:

- Indexation on our contracted and other costs of £2.0m
- The £4.8m cost impact of transitioning half-hourly settlement into Elexon's business-as-usual operations. This includes the expansion of the IT Service Management scope for half-hourly settlement, non-SIT qualification, code change management and governance, migration support for participants and business readiness
- A further £1.6m for investment in products, such as the Trading Disputes Digitalisation* (TDD) system for increased efficiency in dispute resolution, the replacement of the Funding Share System** (FSS), Elexon website development and the ongoing development of the digital code
- £1.3m additional expenditure to deliver our new role as market facilitator for flexibility markets

- Additional cloud costs reflecting the move away from on-premises technology and the increase in data both handled and made available to Parties.

*The move to half-hourly settlement is expected to significantly increase the volumes of Trading Disputes raised by BSC Parties. Digitalising the form-filling process for Disputes will improve both customer experience for Parties, and Elexon's ability to analyse risks to Settlement.

**We use the Funding Share mechanism to recover some of our costs for managing the BSC. Through this, each BSC Party pays an amount based on their generation or supply in the previous month. We are developing a business case for replacing the legacy FSS with a new, more efficient system which is less reliant on manual operations.



- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

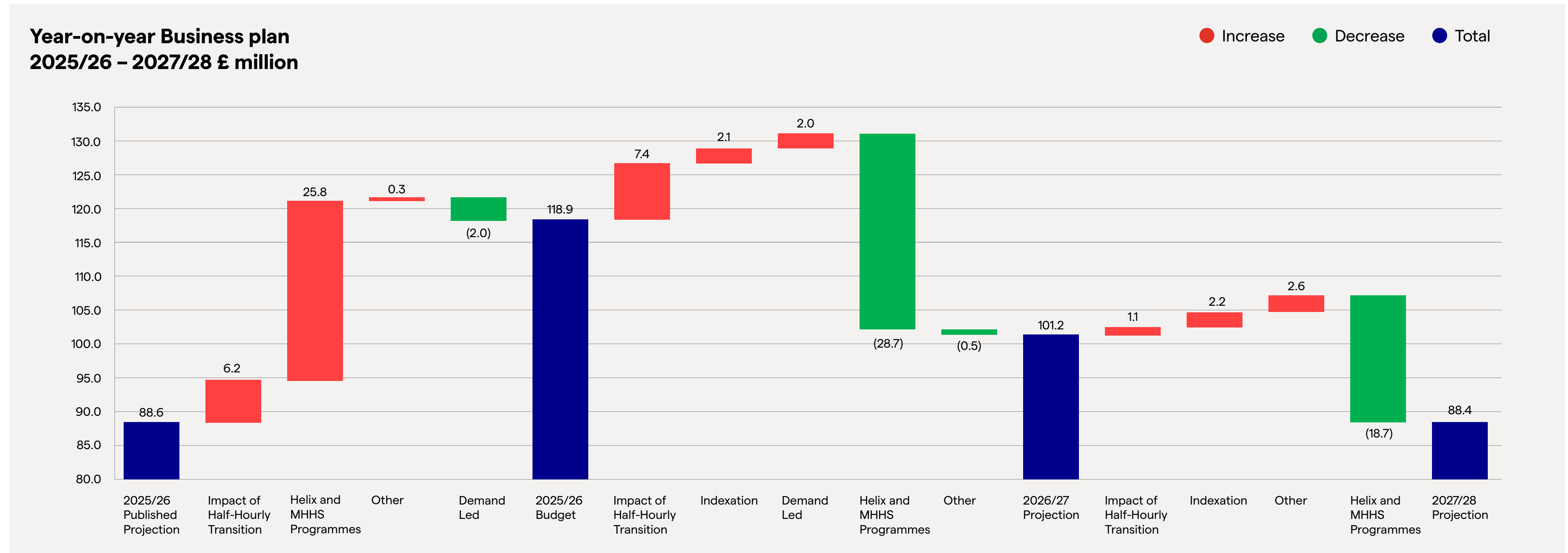
Budget Comparisons (continued)

The waterfall graph below illustrates the drivers for change firstly from the previously published 2025/26 projection to the current 2025/26 budget, followed by the drivers for change from the current 2025/26 budget to the new 2026/27 and 2027/28 projections.

The first set of changes for 2025/26 from the previous projection are dominated by the need to maintain and strengthen resources for the Helix and MHHS programmes together with the investment in half-hourly transition-related resources.

The movements into the second (2026/27) and third (2027/28) years of this business plan are then similarly dominated by the decreases expected as the Helix and MHHS programmes complete across the period and the establishment of resources as half-

hourly settlement moves into our regular BSC operations.



Budget for Major Programmes

MHHS and Helix Programmes

Programme	2024/25 Budget	2025/26 Budget (Y1)	2025/26 Budget vs 2024/25 Budget	2025/26 Budget vs 2024/25 Budget	2025/26 Published Projection	2025/26 Budget vs Published Projection	2025/26 Budget vs Published Projection	2026/27 Budget (Y2)	2027/28 Budget (Y3)	Current Total Programme Budget	Previously Published Total Programme Projection	Total Programme Budget vs Previously Published	Total Programme Budget vs Previously Published
	£m	£m	£m	%	£m	£m	%	£m	£m	£m	£m	£m	%
Helix	31.0	29.9	(1.1)	(3.5%)	11.6	18.3	157.8%	8.3	0.0	115.0	87.7	27.3	31.1%
MHHS	23.6	23.6	-	0.0%	16.1	7.5	46.6%	16.5	6.1	114.1	95.0	19.1	20.1%
Total Programmes	54.6	53.5	(1.1)	(2.0%)	27.7	25.8	93.1%	24.8	6.1	229.1	182.7	46.4	25.4%
% of Total Elexon Budget	45.9%	45.0%			31.3%			24.5%	6.9%	N/A	N/A		
Total Elexon	119.0	118.9	(0.1)	(0.1%)	88.6	30.3	34.2%	101.2	88.4	N/A	N/A	N/A	N/A

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Budget for Major Programmes

Major Programmes – MHHS and Helix (continued)

MHHS Programme

Overall, for the implementation of half-hourly settlement, the timeline for the MHHS M10 milestone ('Central systems ready for migrating MPANs') is now delayed by 6.5 months to enable the full and robust completion of Systems Integration Testing. This change to the M10 milestone does then have knock-on effects for the dates of completion of subsequent programme milestones. We will be working constructively with all programme participants (including following the recommendations of Ofgem's Independent Assurance Provider) to deliver to the revised timeplan under CR055 and reduce the risk of further delays in future.

The MHHS budget for 2025/26 remains at £23.6m, the same as for the previous year, but is an increase of £7.5m on the previously published projection for 2025/26 of £16.1m.

Overall, revised MHHS Programme costs, based on costs to date plus the business plan figures above, total £114.1m including appropriate contingency amounts for the three business plan years. This is a £19.1m increase in the overall total MHHS Programme costs when compared to the previously published projection of £95.0m.

Around two-thirds of these increases are directly caused by the new dates for M10 and subsequent milestones, and one-third is as a result of ensuring that resources are reinforced to mitigate increased risks associated with testing and qualification.

Helix Programme

The Helix Programme delivers revised BSC Central Systems so that Elexon can support MHHS. We have included a budget of £29.9m in 2025/26 for business readiness, testing, qualification, cutover and migration. Overall, revised Helix Programme costs, based on costs to date plus the business plan figures above, total £115.0m including appropriate contingency amounts for the two business plan years. This is a £27.3m increase in the overall total Helix Programme costs when compared to the previously published projection of £87.7m. This is an increase of £18.3m compared to the previously published projection for 2025/26. Again, around two-thirds of these increases are directly caused by the new dates for M10 and subsequent milestones, and one-third is as a result of ensuring that resources are appropriately reinforced for testing, Service Management and business readiness activities.

“We will be working constructively with all programme participants (including following the recommendations of Ofgem’s Independent Assurance Provider) to deliver to the revised timeplan under CR055.”

Budget for Projects and Investments

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Note that the Projects and Investments amounts in the table on the right of the page are already included in the main budget summary table on page 47 in each division for Settlement Services, Customer and Code Management, Technology and Support Services. The overall decrease of £(4.7)m in budget 2025/26 for investment compared with the prior year's budget 2024/25 is explained predominantly by the £3.8m decrease in expenditure for the Kinnect programme.

To ensure that we are appropriately funded to be able to implement changes requested by the industry through BSC Modifications, the budget includes provision for the cost of demand-led activity. This relates to changes proposed by the industry and required by Government, and (or) by Ofgem. The Demand Led budget for BSC systems releases has been set at £2.0m (a £2m decrease compared to the 2024/25 budget in light of the extent of change associated with our major programmes). The budgeted figures are based on known Modifications, taking into account

estimates of historic change, as well as taking a view on new changes that may come forward during the year. The cost of known Modifications for 2025/26 is predominantly costs relating to Modification P444 'Compensation for Virtual Lead Party actions in the Balancing Mechanism'.

Given the necessary focus on the transition to half-hourly settlement, we have reduced Demand Led and other Investment budgets for 2025/26, with these both expected to return to previous levels upon the conclusion of that transition period.

By exception, the increase of £0.7m for Customer and Code Management reflects our focus on maintaining Settlement accuracy through investment in our assurance and disputes-related applications.

Projects and Investments

Item	2024/25 Budget	2025/26 Budget (Y1)	2025/26 Budget vs 2024/25 Budget	2025/26 Budget vs 2024/25 Budget	2025/26 Published Projection	2025/26 Budget vs Published Projection	2025/26 Budget vs Published Projection	2026/27 Budget (Y2)	2027/28 Budget (Y3)
	£m	£m	£m	%	£m	£m	%	£m	£m
Settlement Services	5.3	3.1	(2.2)	(41.5%)	1.5	1.6	106.7%	5.6	3.8
Customer & Code Management	0.5	1.2	0.7	140.0%	0.9	0.3	33.3%	1.1	0.6
Technology	1.6	0.0	(1.6)	(100.0%)	1.0	(1.0)	(100.0%)	0.7	0.9
Support Services	2.4	0.8	(1.6)	(66.7%)	2.1	(1.3)	(61.9%)	1.6	1.4
Investment in Systems & Business Transformation	9.8	5.1	(4.7)	(48.0%)	5.5	(0.4)	(7.3%)	9.0	6.7
Demand Led	4.0	2.0	(2.0)	(50.0%)	4.0	(2.0)	(50.0%)	4.0	4.0
Business Development	0.7	0.4	(0.3)	(42.9%)	0.6	(0.2)	(33.3%)	0.4	0.4
Total Projects and Investments	14.5	7.5	(7.0)	(48.3%)	10.1	(2.6)	(25.7%)	13.4	11.1

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Headcount budget

People (Employee and Contractor) Costs

The headcount values illustrated in the table below are an average for the year and do not represent the actual number of employees and contractors at a fixed point in time, but are a full-time equivalent of those engaged in the period, and are therefore representative of costs.

Our work to develop, retain and attract people to Elexon is described in the People Strategy section.

The FTE headcount as shown below will increase by 82.3 FTE (permanent employees, fixed-term contracts and interim contractors) in 2025/26. This is driven by two factors:

- i. The sustaining and strengthening of the teams for the MHHS and Helix programmes
- ii. To provision for additional resources within Elexon teams to support cutover, transition, migration, dual running and reporting for half-hourly settlement

The headcount decreases in the years 2026/27 and 2027/28 are due to the completion of the MHHS and Helix programmes.

The exact requirements for the long run (2027/28 onwards) headcount post transition and implementation of half-hourly settlement are not yet precisely known. Accordingly, we will deploy an appropriate balance of permanent employees, fixed-term employees, contractors and supplier resources to maintain the flexibility to determine the correct levels and mix of resources to service half-hourly settlement with its faster timescales and greater volumes of data.

Elexon Average Headcount

	Year to March 2024/25 Budget	Year to March 2025/26 Budget	2025/26 Budget vs 2024/25 Budget	2025/26 Budget vs 2024/25 Budget	Year to March 2025/26 Published Projection	2025/26 Budget vs Published Projection	2025/26 Budget vs Published Projection	Year to March 2026/27 Budget	Year to March 2027/28 Budget
	FTE	FTE	FTE	%	FTE	FTE	%	FTE	FTE
Headcount	291.3	373.6	82.3	28.2%	283.4	90.2	31.8%	357.8	305.5

Funding basis

Elexon is a not-for-profit entity, funded by electricity market participants. We do not carry any reserves or retained capital and any underspend against budget is always returned to BSC Parties, meaning that we return money if we make savings, or it transpires that it is not required. In light of this financial structure, budgeting for uncertainties in advance of any new financial year with no other access to working capital requires careful consideration.

We need to address uncertainty, mindful of this constraint, while also endeavouring to set challenging financial and efficiency targets for the

business, which ensure that we deliver the best possible value for money to the industry. Our cost savings and efficiencies reflected in the budget for 2025/26 (£3.8m) relate to the decommissioning of various systems: BMRS (the forerunner of our Insights Solution platform), profiling services and the Radio Teleswitch Service. In nominal terms, our 2025/26 budget costs "Total excluding programmes" in the main budget table on page 47 decrease to £63.8m (and by £0.3m or 0.5%) from the 2024/25 prior year budget of £64.1m.

Budget – Assumptions and Risks

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Assumptions made in this business plan

Indexation impacts on our costs have been assessed in formulating this business plan in line with the guidance of available forecasts of inflation from the Bank of England and the Office for Budget Responsibility. Taxation impacts have been updated, notably including the Employer National Insurance changes announced in the UK Government's Autumn 2024 Budget.

Major programme completion dates and interim milestones for both MHHS and Helix have been updated in line with CR055 as approved by Ofgem.

A detailed evaluation has been completed of the transition cost impacts of implementing half-hourly settlement within the various Elexon directorates. Elexon's half-hourly transition activity will be ongoing throughout 2025/26 and 2026/27 comprising qualification, migration, and dual running of both existing and new Settlement processes.

Our sourcing strategy, a revised approach to contracting with our major partner suppliers, is assumed to become effective in 2025/26, with a competitive tendering exercise to complete during 2027/28. Given the timing of this contractual work and the high degree of change to business processes for half-hourly settlement, this business plan has not sought to estimate a more long-term steady state evaluation of the impacts and efficiencies associated with Settlement being finalised within a four-month (instead of the current 14-month) window and at half-hourly data granularity. Upon conclusion of the half-hourly migration period, we will review our processes and operations to assess and implement further efficiencies that are expected to arise as a result of Helix automation, albeit counterbalanced by the circa hundred-fold increase in volumes of data.

No assumptions are made as to the eventual delivery of the pieces of work being sought through areas and activities where our role may grow. Should Elexon be required to

take on any work, the activities and costs would be added to our business plans once they are contracted and confirmed. Our preference is not to budget for roles if there is any uncertainty about whether (or when) we would be required to deliver them.

Radio Teleswitch Service (RTS) pass-through costs, initially borne by the Energy Networks Association (ENA) are recovered through the BSC but are assumed to cease with effect from 30 June 2025 in line with Ofgem's announced switch-off date. These are a £1.8m cost in 2025/26, a £2.2m reduction compared to prior year budget 2024/25.

Electralink costs are assumed to continue on the current charging basis (around £2.7m per annum), with a new charging methodology that should see a reduced cost for Elexon still being subject to Ofgem approval and the finalisation of a transitional methodology between the two methods of charging to apply over a period to be determined.

Principal risks to the business plan

Our approach to risk management is outlined on page 11 onwards in Elexon's [2023/24](#) Annual Report and Financial Statements.

That report highlights four key risks across the areas of cyber resilience, attracting, retaining and developing talent, being unable to achieve our strategy and the delivery risk of our MHHS and Helix programmes. When taken together, the delivery risk for both MHHS and Helix programmes combined, represents our single largest reasonably quantifiable financial risk to the expenditures presented in this business plan.

The MHHS programme maintains and publishes a summary of Risks, Assumptions, Issues and Dependencies log which specifies planned mitigating actions. However, given the complex nature of the programmes, it is still possible that risks may crystallise, and these are estimated as 'possible' with a range of increased expenditure impacts to ensure delivery of £5-10m per programme (MHHS and Helix) across the business plan period.

Budget – Assumptions and Risks (continued)

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Upon reaching the MHHS Programme M11/12 (Commencement of MPAN migration) and M16 (Cutover to new Settlement timetable) milestones, the nature of our half-hourly related risks changes, adding, on an ongoing basis, an increased operational Settlement risk to the MHHS and Helix programme risks above. Elexon is implementing increased monitoring, education and assurance techniques including audits to identify and mitigate Settlement risks across this period of new systems, new roles, requalification, migration and dual running towards the decommissioning of legacy systems.

Office lease and pensions potential liabilities (Year 2027/28)

The lease of our office premises at 350 Euston Road currently runs until 1 August 2027. As we approach this date, we are building up a picture of our space requirements, market conditions, negotiating stance and the relevant costs of follow-on (or new) arrangements, together with the cost of any dilapidations payable on the existing lease if exited. We have included an appropriate amount in the

year 2027/28 as an early estimate of the cost of works required to either leave or remain at the 350 Euston Road premises.

Following the change of ownership of Elexon from National Grid ESO to a 'federated model' of ownership by the 13 largest BSC Parties on 1 October 2024, Elexon continues to participate, for a small number of ex-National Grid employees, in the (closed to new entrants) defined benefit National Grid Electricity Group (NGEG) section of the Electricity Supply Pension Scheme (ESPS).

A new Deed of Participation between National Grid Electricity Transmission plc (NGET) and Elexon Limited for these employees is in force ending on 30 September 2027. NGET's intentions to enter into a new Deed of Participation are not currently known and, should the participation not be continued, this may trigger a so-called 'Section 75' liability payment. This Section 75 (of the Pensions Act 1995 as subsequently amended) liability represents a buyout cost for Elexon's

share of the overall pension scheme's liabilities which is potentially payable if Elexon ceases to participate in this multi-employer NGET pension scheme. A provisional estimate of the liability has been included in the business plan year 2027/28.



- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Budget – Charging Analysis

This section outlines how we expect to charge the budget to BSC Trading Parties.

Table 3.1 contains charging proposals from Section D of the BSC.

Based on the information in Table 3.4, the 2025/26 Annual Budget is split by cost type charged to BSC Parties, set out below. The costs presented in Table 3.2 exclude Value Added Tax (VAT)

**Table 3.1
Section D - Charging***

- £500 Application Fee;
- Membership fee of £250 per month;
- CVA Metering System Monthly Charge of £50 per month
- CVA BM Unit Monthly Charge (other than for Supplier BM Unit) of £0 per month (this charge is levied on each pair of BM units in the case of an exempt generator)
- Notified Volume Charge per Gross Contract MWh at a rate of £0.0005/ MWh;
- For all Base SVA BM Units a charge of £0 per month;
- For all Additional SVA BM Units a charge of £60 per month;
- SVA costs split:
 - o 50 percent of costs are paid by generators on the basis of metered energy volumes;
 - o A fixed fee of £0.00949 per SVA Metering System per month;
- MHHS Monthly Implementation Charge - a fixed fee of £0.05961 per SVA Metering System per month;
- All remaining costs split on the basis of metered energy volumes.

* These are based on the current charges. They are subject to change following a periodic review approved by the Panel. Please refer to the BSC website for current rates.

**Table 3.2
Split of Costs**

Assumed Split of Costs			
	2023/24 Amended Budget	2024/25 Budget	2025/26 Budget
SVA Costs	10.7	10.3	7.5
Other Costs	78.7	85.1	87.8
MHHS	22.0	23.6	23.6
Total	111.4	119.0	118.9

Budget – Market Assumptions

Various assumptions about the size of the market are made. These are presented in Table 3.3.

**Table 3.3
Market Assumptions**

Market Assumptions	2023/24 Amended Budget	2024/25 Budget	2025/26 Budget
Number of Trading Parties	504	514	552
Sales - Notified Contract Volumes (TWh)	752	767	822
Purchases - Notified Contract Volumes (TWh)	752	767	822
Generation (TWh)	216	220	214
Supply (TWh)	216	220	214
NHH Supply (TWh)	90	92	83
HH Supply (TWh)	126	129	132
CVA BM Units	1,333	1,360	1,610
SVA Base BM Units	214	218	211
SVA Additional BM Units	433	442	509
Data Line	43	43	37
Comms Software (5 users)	26	26	0
Comms Software (additional user)			
CVA Metering Systems (MSIDs)	1,050	1,071	1,100
SVA Metering Systems (MSIDs)	32,267,595	32,590,271	32,929,980

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

Budget – Expected Charges

- 01 Overview
- 02 Settlement Services
- 03 MHHS Implementation
- 04 Market facilitator for distributed flexibility
- 05 Technology and digitalisation progress
- 06 Customer and Code Management
- 07 People Strategy
- 08 Budget**

The charging regime from Section D of the BSC in Table 3.1 is applied to the costs in Table 3.2 based on the assumptions in Table 3.3. This gives the estimated charges (either specified charges or £/MWh fees) as shown in Table 3.4.

Table 3.4
Expected Charges

Item	2023/24 Amended Budget	2024/25 Budget	2025/26 Budget
Specified Charges			
CVA BM Units (£/month)	-	-	-
SVA Base BM Units (£/month)	-	-	-
SVA Additional BM Units (£/month)	60	60	60
Data Line - estimated average (£/month)	700	700	700
Comms Software - average quad2 processor (£/month)	1,080	1,080	-
Comms Software {additional user} (£/month)	22	22	-
Contract Traded (£/MWh)	0.0005	0.0005	0.0005
CVA Metering Systems (£/month)	50	50	50
Base Monthly Charge (£/month)	250	250	250
MHHS Monthly Implementation Charge (£/msid/month)	0.05074	0.06029	0.05961
SVA			
SVA Metering Systems (£/msid/month)	0.00992	0.01313	0.00949
Gen Energy SVA (£/MWh)	0.025	0.023	0.018
Main Charges			
Energy fee (£/MWh)	0.22760	0.23764	0.19615

Elexon
350 Euston Rd
London
NW1 3AW
United Kingdom

Tel: 020 7380 4100
Web: elexon.co.uk

ELEXON